



public enterprises

Department:
Public Enterprises
REPUBLIC OF SOUTH AFRICA

ANNUAL PERFORMANCE PLAN

2021/22



Department of Public Enterprises



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REPUBLIC OF SOUTH AFRICA

Department of Public Enterprises

Annual Performance Plan

For

2021/2022

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Executive Authority Statement



In 2018 President Ramaphosa gave the Department of Public Enterprises (DPE) a mandate to stabilise, reposition and restructure State Owned Enterprises (SOEs) in order to fulfil their economic and developmental objectives.

A number of key interventions are being implemented to stabilise and redirect the SOEs to contribute towards the country's economic recovery. However, these interventions face challenges from the coronavirus (COVID-19) pandemic that affected global economies. South Africa was not spared from the wrath of the pandemic.

Before COVID-19 the SOEs were already damaged by financial and operational deterioration due to corruption and state capture, coupled with weak compliance in corporate governance and obsolete business models. The Department had to confront the reality that the challenges at some of the SOEs are structural and that they do not generate sufficient revenue streams to fund their operational costs.

SA Express Airways (SA Express) and South African Airways SOC Ltd (SAA) were at the tipping point and SAA was placed

in business rescue, whilst SA Express is now in provisional liquidation.

The Department's ability to implement its oversight processes effectively were adversely affected as the pandemic delayed the reporting cycle, including the submission of audited Annual Financial Statements and Annual Reports of SOEs.

The external auditors are continuing to discover high levels of "old" irregular expenditure due to legacy contracts that were concluded during the years of state capture. .

It is now common cause that some of the auditing firms were complicit in the corruption and looting at the SOEs. The Department is working with the Auditor-General of South Africa (AGSA) who has taken over the external audits of a number of SOEs within the DPE portfolio to ensure that they improve their internal control environments and adhere to improved audit practices.

The SOE oversight methodology was reviewed, and will be improved, to empower the Department in cases where SOE operations deteriorate and service delivery is impacted.

In order to ensure more effective oversight, the Department will continue to recruit individuals with sector expertise and knowledge. A number of Boards of crucial SOEs in our portfolio will be reconfigured and strengthened with the requisite skills and expertise.

RESTRUCTURING SOEs

In the coming financial year, some of the systemic SOEs will undertake structural reforms to contribute to the objectives and programs of the Economic Restructuring and Recovery Plan.

The following are some of the reforms which will be introduced:

- Reposition Eskom for Energy Security, the increased use of clean renewable sources of energy and an energy mix prescribed in the IRP 19, and to implement a Just Transition;
- Introduce key changes in the Freight logistics of Transnet: rail, ports and large investments in infrastructure and partnerships particularly with black private sector entities through appropriate concessions;
- Reposition Denel with a new business model; and
- Select a Strategic Equity Partner for South African Airways (SAA).

These activities will positively contribute to the wider use of renewable energy, address climate change and place entities like Denel on a path to financial and operational sustainability.

ENERGY SECURITY: ESKOM

Restoring Eskom to operational and financial health and accelerating its restructuring process is central to this objective. In this regard, the Department will work with the Department of Mineral Resources and Energy (DMRE) and other departments, to ensure that all viable sources of energy are accessed.

Eskom will continue the intensive maintenance of power stations, improve emissions compliance, and complete the commissioning of Medupi and Kusile.

The restructuring of Eskom into three separate subsidiaries - Generation, Transmission and Distribution - is proceeding as planned. The legal separation will commence in December 2021.

TRANSNET

The logistics and the transport sector are vital to the success of the economic recovery plan to stimulate economic growth. Our ports and rails must become efficient and competitive and we need to lower the cost of doing business. Transnet will implement third-party access on freight rail lines.

The three Transnet Port Terminals (TPTs) - Cape Town, Richards Bay and Durban - are the focus for opportunities for new entrants to drive transformation in port operations.

The initiative to upgrade Durban as a hub port for the Southern Hemisphere shipping will see Transnet, the National Port Authorities and Transnet Port Terminals initiate the process to the concession of Point Terminal for construction and operation.

DENEL

The success of Denel is dependent on a clear national vision of the role and place of defence and related industries in a changing globalised world. The new business model of Denel will respond to these challenges.

Therefore, Denel will be restructured so that it can become fit for purpose, commercially sustainable and not dependent on the fiscus. We anticipate that Denel will enter into strategic partnerships with Original Equipment Manufacturers to add-value to the local economy, while benefiting from a growing and untapped international market.

SAA

South African Airways has been in business rescue for just over a year. It is time for the Business Rescue Practitioners to exit. The restructuring, we believe, will result in the emergence of a competitive, viable and sustainable national airline that is agile, techno-savvy and that will not need any further funding from the fiscus.

We are nearing finality with the appointment of a strategic equity partner that will not only fund the new airline, but also introduce the technical expertise to ensure a successful new national carrier.

RECOVERING STOLEN MONEY AND ASSETS

To maintain and upgrade SOE operations, the Department is directing SOEs to take decisive steps to recover assets, money and intellectual properties stolen from SOEs as part of state capture.

The Department's SOE Risk and Integrity Unit has already begun work in tracking down all the forensic reports and following up with SOEs and the Special Investigating Unit (SIU) in pursuing all those implicated in corruption and looting of our SOEs. Both Transnet and Eskom with the assistance of the SIU have instituted civil and criminal claims against former

Executives, Board members, contractors and associates in order to recover moneys lost to corruption and state capture.

These institutions belong to South Africans. They must serve the national purpose – advance equality, create jobs and eliminate hunger in our country and the development of its people. There is no doubt that 2021 will be a watershed year during which the potential to reshape the SOE sector, undertake decisive restructuring, and ensure that SOEs are efficient, are on the road to financial stability and their contribution to inclusive growth through the ERRP.

Signature: 

Pravin Gordhan, MP

Department of Public Enterprises

Deputy Executive Authority Statement



The 2020/2021 financial year was undoubtedly the toughest in our democracy. The world was and still is confronted with the COVID-19 pandemic. The lockdown saw many businesses closing down with resultant job losses. The aviation sector within our portfolio has been immensely strained: SA Express Airways is currently in liquidation while South African Airways is concluding its business rescue path.

The pressure on Government has increased and we simply cannot carry on doing things like we did in the past. At the core of development to see the economy grow is the catalytic role of our State-Owned Companies. Transnet must be efficient enough for its consumers to have the ease in doing their business, there must be reliable electricity supply for our economy to grow, and additionally, industrialisation remains a key variable for economic growth. All these are in the main dependent on our SOCs.

The Department in this financial year will make sure that the SOCs are clear on their mandates to help in growing the economy. Transnet will carry on with the corporatisation of the National Ports Authority to enable efficiency. SAFCOL has reworked its strategy to see optimal gains in the forestry sector and the Department will further monitor how the SOCs contribute in industrialisation efforts in the country.

The road ahead will not be an easy one: it needs commitment, hard work and agility. We are committed in making sure that we see our plans through

Signature: G.P. MASUALLE

Phumulo Masualle, MP

Department of Public Enterprises

Accounting Officer's Statement



The Minister of Public Enterprises, in the debate on 2021 State of the Nation Address, articulated the priorities of the Department of Public Enterprises for the medium-term: repositioning, reforming and repurposing SOEs.

He further said: "This year we will witness changes to the architecture of SOEs and the direction being taken. A set of structural reforms is being introduced to ignite growth in the economy and to address our capacity challenges, which have been compounded by the COVID-19 pandemic."

The strategic areas that the DPE will focus on include:

- Review of SOE mandates.
- Recover funds lost through theft and looting.
- Review contracts irregularly obtained.
- Change procurement policies for efficiency and integrity.
- Ensure the implementation of localisation policies.
- Economic transformation that will include empowerment of small businesses and others.

SOEs must also become leaders in:

- Research and development.
- Innovation and technology development.

- Support Information Communication Technology developments.

The quality of oversight of the Department is critical to ensure that the SOEs incorporate these objectives in their planning and how they appropriate their resources.

In this regard, rebuilding our skills base is unfolding with the filling of positions with technically competent officials with a strong public service orientation. Such skills and capability erosion were eroded over many years as the DPE was at the centre of the state capture project. Partnerships are being explored with various stakeholders to bridge the skills gap in the short-term, through the secondment of professionals to assist with the mentoring and coaching of DPE officials.

Some areas of capability that we have to introduce is to ensure that we have a fit for purpose human resource base where:

- An Anti-Corruption and Integrity Unit is being established to ensure that adequate attention is placed on consequence management being implemented at the SOE, as various investigations are undertaken. Further, that internal controls are in place to discourage the SOE pillaging that characterised the state capture period.
- The monitoring and evaluation effort will require the capability to manage big data from the SOE and extract the intelligence for decision-making. Therefore, the research and modelling function will be repositioned to inject the business intelligence capability.
- An SOE Restructuring function will be set up with corporate finance and restructuring capabilities. The repositioning of the SOE will be reliant on the department being able to attract these restructuring specialists to project manage the effort at the SOEs.

In the 2021/22 financial year the Department will publish the draft Government Shareholder Management legislation. The need for an overarching legislation was identified by the Presidential Commission SOE Review in its report published in

September 2014. Government was further advised that it needs to determine an appropriate shareholder oversight model. These are some of the policy priorities that the legislation will provide for. The Presidential SOE Council (PSEC), to which the DPE is the secretariat, shall provide expertise and guidance in this effort.

Repositioning, reforming, and repurposing SOEs shall be done within the context of ensuring a place in the sun for all of our people, especially those who were treated as less than citizens and who were denied opportunities to become engineers, pilots, and power system operators. The experience of SAA has shown the importance of ensuring a diverse and inclusive people base.

Further, the Department shall be working with the Department of Women, Youth and Persons Living with Disabilities (DWYPLD) to ensure an appropriate focus on representation of women in the business leadership corps and critical skills areas. The empowerment of women should be at the center of repositioning of the SOE to ensure that they have maximum social and economic impact. It cannot be correct that the absence of women in the business boardrooms of this country has not be addressed as aggressively as it should have been.

Signature: 

Kgathatso Tlhakudi: Accounting Officer

Department of Public Enterprises

Official Sign-off

Official Sign-off

It is hereby certified that this Annual Performance Plan


- Was developed by the management of the Department of Public Enterprises under the guidance of the Director-General.
- Takes into account all relevant policies, legislation and other mandates for which the Department of Public Enterprises is responsible.
- Accurately reflects the impact and outcomes which the Department of Public Enterprises will endeavour to achieve over the 2020/21 financial year.

Signature: 

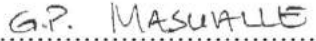
Kgwadikgolo Mahosi: Acting Director: SPME

Signature: 

Benedicta Mogaladi: Chief Financial Officer

Signature: 


Kgathatso Tlhakudi: Director-General

Signature: 

Phumulo Masualle (MP)

Deputy Minister

Approved by:

Signature: 

Minister Pravin Gordhan (MP)

Executive Authority

Glossary of Terms

Acronyms used in the Department of Public Enterprises' documentation:

Acronym	Description
AGM	Annual General Meeting
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China, South Africa
CAPEX	Capital Expenditure
CFO	Chief Financial Officer
CIPM	Chief Investment Portfolio Management
CPI	Consumer Price Index
CS	Corporate Services
CSDP	Competitive Supplier Development Programme
CSI	Corporate Social Investment
CRO	Chief Restructuring Officer
DAFF	Department of Agriculture, Forestry and Fisheries
DCT	Durban Container Terminal
DDG	Deputy Director-General
DEA	Department of Environmental Affairs
DG	Director-General
DHET	Department of Higher Education and Training
DM	Deputy Minister
DMRE	Department of Mineral Resources and Energy
DOC	Department of Communications
DOD	Department of Defence
DOE	Department of Energy
DOT	Department of Transport
DPE	Department of Public Enterprises
DPSA	Department of Public Service and Administration
DRDLR	Department of Rural Development & Land Reform
DSBD	Department of Small Business Development

Acronym	Description
DTI	Department of Trade and Industry
DTPS	Department of Telecommunications and Postal Services
EA	Executive Authority
EDF	Eskom Development Foundation
EDI	Electricity Distribution Industry
EE	Economic Equity
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EMP	Environmental Management Plan
ESCAP	Eskom Rotek Industries
ESD	Enterprise and Supplier Development
EXCO	Executive Committee
EU	European Union
FET	Further Education and Training
FMCG	Fast Moving Consumer Goods
FOSAD	Forum of South Africa's Directors-General
FSN	Full Services Network
GCH	Gross Crane Move per Hour
GCM/H	Gross Crane Move per Hour
GDP	Gross Domestic Product
GFB	General Freight Business
GFCF	Gross Fixed Capital Formation
GSM	Government Shareholder Management
HR	Human Resources
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communication Technology
IFLOMA	Industriais Florestais De Manica, Mozambique
IGR	Inter-Governmental Relations
IMC	Inter-Ministerial Committee
IMF	International Monetary Fund
IP	Intellectual Property

Acronym	Description	Acronym	Description
IPAP	Industrial Policy Action Plan	NSF	National Skills Fund
IPO	Initial Public Offering	NT	National Treasury
IPP	Independent Power Producers	PAIA	Promotion of Access to Information Act
IRP	Integrated Resource Plan	PBMR	Pebble Bed Modular Reactor
ISMO	Independent System and Market Operator	PFMA	Public Finance Management Act
JPF	Joint Project Facility	PICC	Presidential Infrastructure Coordination Commission
JV	Joint Venture	PLO	Parliamentary Liaison Officer
KLF	Komatiland Forests	PMS	Performance Management System
KM	Kilometre	PPP	Public-Private Partnership
KPI	Key Performance Indicator	PPPFA	Preferential Procurement Policy Framework Act
LTTS	Long-Term Turnaround Strategy	PRC	Presidential Review Committee
MDS	Market Demand Strategy	PSJV	Pooling and Sharing Joint Venture
MISS	Minimum Information Security Standards	PSP	Private Sector Participation
MOA	Memorandum of Agreement	R&D	Research and Development
MOI	Memorandum of Incorporation	RBCT	Richards Bay Container Terminal
MOU	Memorandum of Understanding	RBCT	Richards Bay Coal Terminal
MPAT	Monitoring Performance Assessment Tool	RMC	Richtersveld Mining Company
MPSA	Minister of Public Service and Administration	ROI	Return on Investment
MTEF	Medium-Term Expenditure Framework	SA EXPRESS	South African Express Airways
MTSF	Medium-Term Strategic Framework	SAA	South African Airways
MVA	Mega Volt Amp	SAAT	South African Airways Technical
MW	Megawatt	SAFCOL	South African Forestry Company Ltd
MYPD	Multi-year Price Determination	SAQA	South African Qualifications Authority
NCPM	National Corridor Performance Measurement	SARB	South African Reserve Bank
NDP	National Development Plan	SCM	Supply Chain Management
NEDLAC	National Economic Development and Labour Council	SDIP	Service Delivery Improvement Plan
NEMA	National Environmental Management Act	SEIAS	Socio Economic Impact Assessment System
NERSA	National Energy Regulator of South Africa	SIP	Strategic Integrated Projects
NGP	National Growth Path	SLA	Service Level Agreement
NIPF	National Industry Policy Framework	SMME	Small, Medium and Micro-Enterprises
NPAT	Net Profit After Tax	SOC	State-Owned Company

Acronym	Description
SOE	State-Owned Enterprise
SONA	State of The Nation Address
SSA	State Security Agency
SSEG	Small Scale Embedded Generation
STATSSA	Statistics South Africa
TEU	Twenty-foot Equivalent Unit
TFR	Transnet Freight Rail
TNPA	Transnet National Ports Authority
TMPS	Total Measure of Procurement Spend
TOR	Terms of Reference
WACS	West Coast Submarine Cable
9PP	Nine-Point Plan

Executive Summary

The State-Owned Companies (SOCs) in the Department of Public Enterprises' (DPE) portfolio, due to their size, are critical anchors in the sectors that they serve. When they go through the challenges that they have been experiencing, the contagion effect is enormous, and companies disappear as a result. Therefore, the Department understands the importance of ensuring that the businesses are turned around. In this process innovative and non-conventional solutions will need to be found.

SOCs remain key strategic assets of the State that exist to deliver crucial public services and goods, to enable economic development. The cases in point of the state of the DPE SOCs portfolio are the state-owned airlines, South African Airways (SAA) and South African Express (SA Express), with the former in business rescue and the latter being in liquidation. The result has been +4000 direct jobs that have been lost by the industry and a further +20 000 jobs that will be lost from the support industries. The Denel liquidity situation has also been detrimental on its employees as they went through almost half a year without salaries. The socio-economic impact has been enormous on the communities that these employees come from.

Priorities for the Department

The priorities of the Department for the MTEF period are:

Oversight Model: Develop an enhanced and internationally benchmarked SOC oversight model. The model has to recognise and enable the evolution of SOCs across the world from the monolithic inefficient destroyers of value to dynamic multinationals that have flown the coop of home markets to

establish a foothold in growth markets. The Chinese and Singaporean models are a case in point. Further, the model needs to cater for the fixing of distressed SOCs.

Private Sector Participation: The constrained fiscal position and the strained balance sheets of the SOE are calling for innovative engagement of the private sector to mobilise the stagnant investment capital. Private capital comes with management capabilities that are sorely lacking in the SOCs and access to markets, especially when international OEMs are brought into the picture.

Research-based Restructuring of SOCs: The research capacity of the DPE needs to be improved significantly if the aspiration of developing world class SOCs is to be achieved. The DPE can learn from other countries in the reform of their SOCs and sectors within which they operate. The publishing of the Eskom Road Map for the Reform of the Electricity Supply Industry is an example of what can be achieved in this regard.

DPE Restructuring Office: The effort of restructuring SOCs will require skills that are ordinarily not found in the public service. In fact, these are the kind of skills that would not be affordable to keep in terms of their cost and the infrequency of use. In this regard, the DPE has identified a requirement for the office which will mainly be staffed by professionals sourced through partnership with the private sector either through sourcing contracts or through initiatives such as *Thuma Mina*.

Innovative Funding Solutions: The recapitalisation and restructuring of SOCs will require innovative funding solutions. Furthermore, a reflection on the performance of the SOCs in deployment of capital requires attention. Anecdotal evidence shows that the SOCs have not been successful in this area – many years of capital expenditure has not necessarily

translated into new cash flows for these businesses. The DPE will need to develop strategies on management of existing capital and attraction of new capital to fund the enormous infrastructure and industrial development effort required of Government.

SOE Leadership Model: The DPE contends that the quality of leadership that is required for SOCs' Boards and Executive positions is unique and that there are many lessons that could be learnt from other countries that have developed dedicated leadership development programmes.

Corruption and Malfeasance: The DPE will be setting up an internal unit to ensure that historical malfeasance is correctly addressed. The forensic reports of the SOCs have been centralised in the DPE to enable tracking of implementation of their recommendations by the respective Boards. This would include ensuring that disciplinary, criminal, and seizure actions are taken against implicated officials. Furthermore, appropriate early warning systems will need to be developed to ensure that the re-emergence of the culture and practices that landed us where we are today is, discouraged.

Performance Tracking Solution: Oversight of SOCs require reliable and immediate available data on performance of the SOCs. The reactive oversight model would be limiting for the dispensation envisaged to be achieved. Therefore, enabling systems and capable people will need to be brought into the DPE to ensure an enabling infrastructure is developed.

Innovative Empowerment and Community Development Solutions: The SOCs' approach to corporate social investment (CSI) and empowerment needs to be reviewed and aligned with the developmental needs of communities. The repositioning of these efforts to ensure sustainable development is visited upon

communities surrounding SOCs operations, to ensure enduring goodwill and the licence to operate. The department in this area, has a responsibility to ensure SOCs' comply with environmental regulations.

Localisation and Industrialisation: The development of industrial capabilities which has potential of supporting SOCs' core capabilities is critical to reversing the de-industrialisation curve. SOCs will be challenged to ensure various procurement leverage programmes of Government are utilised to ensure localisation of critical industrial capabilities.



Part A ***Our Mandate***

Part A: Our Mandate

Updates to the relevant legislative and policy mandates

Name of Entity	Legislative Mandate	Minister's Financial relationship with the SOC	Nature of operations
Alexkor	Alexkor Limited Act (Act 116 of 1992)	Shareholder representative	A diamond mining company that operates primarily in Alexander Bay and the greater Namaqualand area.
Denel	None	Shareholder representative	A defence company. Although it was established as a private company in terms of the companies Act of 2008 (Act 71 of 2008), Government exercised full control over it.
Eskom	Eskom Conversion Act (Act 13 of 2001)	Shareholder representative	Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers and redistributors.
SAFCOL	Management of State Forests Act (Act 128 of 1992)	Shareholder representative	SAFCOL is Government's forestry company which conducts timber harvesting, timber processing and related activities, both domestically and regionally.

Name of Entity	Legislative Mandate	Minister's Financial relationship with the SOC	Nature of operations
SA Express	South African Express Act (Act 34 of 2007)	Shareholder representative	SOC is under liquidation SA Express is the regional air carrier with a mandate to provide air transportation services for passengers, cargo and mail on lower density routes within the Republic, the African continent and surrounding islands.
SAA	South African Airways (Act 5 of 2007)	Shareholder representative	South African Airways is an air carrier with the mandate to provide reliable and extensive air transportation capacity linking the Republic with the main business, trading and tourism markets within the African continent and internationally.
Transnet	Legal Succession to the South African Transport Services Act (Act 9 of 1989)	Shareholder representative	Transnet is a freight and logistics company responsible for pipelines, ports and rail transport infrastructure and operations in South Africa.

Updates to institutional policies and strategies

None

Updates to relevant court rulings

None



Part B
Strategic Focus

Part B: Our strategic focus

Updated situational analysis

ESKOM

The Department will review Eskom's maintenance plans, operational practices, electricity generation, transmission and distribution efficiency, as well as its operating reserve margin and also report on the implementation of Eskom's unbundling process; monitors Eskom's Capital Expansion programme (Medupi, Kusile, and Power Development Projects) that focuses on new build projects, infrastructure upgrades aimed at generation sustainability, transmission strengthening, electricity connections and environmental compliance; and facilitates on an ongoing basis engagements between Eskom and other spheres of government to address municipal debt.

Challenges and way forward:

Eskom still faces operational, financial and structural challenges, which are driven by massive cost and time overruns on the Capital Expansion Programme (New Build Programme), unsustainable debt levels, under-investment and poor maintenance of plants, which has led to load shedding and increased diesel usage eroding Eskom's cash position.

Eskom still faces operational challenges mainly due to its aging power stations, poor maintenance strategy, state capture and poor performance of Medupi and Kusile stations. As at 24 August 2020, the plant performance for this quarter deteriorated significantly to an average Energy Availability Factor (EAF) that stood at 68.65%. The decrease in EAF is attributed to the rise

in both unplanned (UCLF) at 18.55% and other capacity loss factors (OCLF) 3.95%.

Eskom introduced the 9-Point Generation Recovery Plan in 2018 to address the various challenges at power stations. The key elements of the plan focus on resolving unplanned breakdowns, addressing the performance and reliability challenges affecting the new units at Medupi and Kusile stations, improving the coal stock days and strengthening human resource capacity. The 9-Point Plan is addressing plant and equipment reliability through effective maintenance to improve long-term plant health of the fleet. Furthermore, the plan has resulted in an increase in coal stock-days from 22 days at the end of 2018, to 57 days at the end of July 2020. Another major achievement was realised in securing diesel storage volumes above 90%, for use when the electricity system is constrained.

Five of the six units at Medupi Power Station are on load, intermittently supporting the National Grid with the last unit commercial operation (CO) forecasted during the fourth quarter of the current 2020/21 financial year. Whereas only one unit at Kusile achieved commercial operation, with unit 2 CO forecasted in August 2021. The CO of the remaining 5 Kusile units experienced delays due to mainly the implementation of the design defects' correction plan.

All new plants units have not achieved desired levels of performance and reliability due to *inter alia* plant design

deficiencies, and operational and maintenance inefficiencies. Significant progress has been made in resolving the identified design defects. To date, all the Ingula defects have been resolved with all units operating optimally. Medupi Unit 3 identified as a test case towards implementing the design defects resolutions, the unit has been returned to service and the resolutions are being rolled out in the rest of the units, both at Medupi and Kusile stations. Amongst others, stability at construction sites; contractor liquidity challenges; and productivity due to the COVID-19 pandemic impact, poor contractor performance, contractor capacity and ineffective Eskom oversight posed a significant risk to the programme such as schedule delays and cost escalations.

The Department will monitor on a quarterly basis, the Eskom network capital programme for the 2021/22 financial year, which reflects priority on the network refurbishment and line strengthening projects to deal with the most critical and high impact networks to sustain network performance. The Capital Programme focused mainly on building capacity for new customer connections. The national lockdown due to COVID-19 had a negative impact on the programme resulting in limited construction work during the past quarters. In addition, the escalating Municipal and Soweto debt as well as increasing energy losses remain a threat to Eskom's network business operation. Challenges to the sustained network performance include escalation debt and energy losses, mainly non-technical losses due to electricity theft, through illegal connections,

tampering and bypassing of electricity meters and unregistered and illegal prepaid vendors. The Eskom Political Task team is seized with the aforesaid issues and the Department continues to support the initiatives by Government on debt challenges.

Eskom's structure and business model is outdated and not responding to change in energy markets. Following the President's February 2019 announcement that Eskom will be unbundled into 3 separate companies under Eskom Holdings starting with the creation of a Transmission Company, the Department published a Special Paper on Eskom in October 2019 ("Roadmap for Eskom in a Reformed Electricity Supply Industry") outlining the Road Map and a blueprint to restructuring and the separation process.

The restructuring will assist in augmenting Eskom's business model and puts it in a path to long-term sustainability. This step will help address the "fit for purpose" question that Eskom and the industry has been struggling with; and provide better insight into Eskom's operations with all cross-subsidies removed. It will provide delegation, responsibility and accountability to each business and its executives whilst allowing for fair, equitable and transparent access to the Transmission grid by the private power producers.

The success of the unbundling project is critical for Government's efforts to reform the electricity industry, provides leadership and create an enabling environment for Eskom to complete the stipulated milestones.

ALEXKOR

Implementation of Alexkor's proposed future role and monitoring progress on the regularisation of the Richtersveld Communal Property Association (CPA) community structures.

Challenges and way forward

Alexkor depended on the dividends from the Joint Venture operations to sustain its operations. However, the Joint Venture operations have been unable to declare dividends for the past six years, resulting in Alexkor depleting its cash reserves. In view of the constrained fiscus and minimal prospects of a financial bailout, a new strategic option in line with repurposing of SOCs is necessitated going forward. A number of strategic options have been proposed in this regard. It is anticipated that some of these options will be finalised during 2021/22.

SAFCOL

Monitor SAFCOL's implementation of a processing strategy that aims at increasing revenue and capacitating the current sawmill that has an outdated technology and aged equipment.

Challenges and way forward

The company is facing challenges with achieving their lumber production and meeting customer demands on lumber supply due to inefficiencies caused by an aged sawmill and therefore dependent on external partners to supply their customers. SAFCOL has minority shareholding in the four privatised entities in Western Cape, Eastern Cape and KwaZulu-Natal provinces. The Department, jointly with SAFCOL, have requested the National Empowerment Fund (NEF) to assist in

developing a warehousing model, where shares can be kept while community structures are in place to take over the shares.

The slow land settlement process currently led by the Department of Agriculture, Rural Development and Land Reform has increased the relational risk between SAFCOL and beneficiaries of the land restitution process as outlined in the Land Restitution Act. The Department is determined to assist in ensuring that the risk is reduced by engaging the Land Claims Commission and requesting that the process be fast-tracked and concluded in currently settled claims.

TRANSNET

The Department will be monitoring progress and working with Transnet in improving the cost-effectiveness, efficiency and reliability of its freight transportation system and achieving a modal shift from road to rail as well as investigating the implications of giving effect to Section 3(2) of the National Ports Act, i.e. corporatisation of Transnet National Ports Authority (TNPA).

Challenges and way forward

Transnet is still facing operational challenges. Rail volumes have been stagnant over the years. Port productivity has not improved and this has implications on the cost of logistics and reduces the country's competitiveness. The COVID-19 pandemic, which has affected the international trade system, is projected to have a negative impact on the performance of the SOC for the next few years.

The Department will be working with Transnet to improve the rail, port and pipelines systems performance. Transnet has

developed plans for improving the performance on key corridors, which the Department will be monitoring.

According to the World Bank, there is no other country where rail, ports and pipelines infrastructure and operations are managed by a single company. Increased private sector participation, in particular on rail freight, is expected to have a positive effect. One of the critical success factors is the drive for the densification of freight on rail. This would require more investment in additional capacity and improvement of the existing network. Policy pronouncement may be needed to correct the existing imbalance between rail and road in so far as the transportation of rail friendly goods is concerned. In 2019/20, the Department commissioned a study to assess the impact of implementing the Section 3(2) of the National Ports Act, which provides for the corporatisation of the Transnet National Ports Authority (TNPA). The Department is in the process of consulting critical stakeholders to evaluate the feasibility of corporatisation.

Some of the critical challenges that the Department and Transnet are facing include rail cable theft, derailments, community unrest adjacent to the network, fuel theft and damage to the fuel pipeline. These incidents have the potential to disrupt the economic recovery and investment. The department will have to work with relevant stakeholders to curb this problem.

South African Airways SOC Limited (SAA) and South African Express Airways SOC Limited (SA Express)

South African Airways SOC limited (SAA)

The Department will monitor the exit of the South African Airways SOC Limited (SAA) from business rescue to ensure the emergence of a sustainable airline. The exit of the airline from Business Rescue involves the restructuring of the airline whilst ensuring the introduction of a Strategic Equity Partner which will provide equity and strengthen the technical capability of SAA. In order to ensure a successful restructuring, the Department will be assisting SAA to secure sufficient funding to implement the business rescue plan.

Challenges and way forward

SAA has finalised the Business Rescue Plan and has met the associated conditions. Government has recapitalised the airline with R10.5 billion for the successful implementation of the Business Rescue Plan.

South African Express Airways SOC

The Department will monitor the exit of the provisional liquidation process of South African Express Airways SOC Limited (SA Express). The airline has been in provisional liquidation and there are initiatives identified by the Liquidator for the sale of the airline to parties through an Expression of Interest process.

Challenges and way forward

SA Express continues to be under liquidation and the continued existence of the airline is dependent on the sale process undertaken by the liquidator at the helm of the airline. Should the airline be unsuccessful with finalising a feasible partnership with interested parties, the airline will be liquidated. A Board has been appointed to oversee issues of the airline's business model. The subsidiaries have been included in the overall business model of the airline as part of the development of the Business Plan by the Board.

Aviation Policy Review

The Department will provide strategic contribution in the aviation policy review process to ensure a holistic alignment on policies affecting the aviation sector. Especially considering the impact of the COVID-19 to the aviation industry globally.

Key interventions to be made by the Department to support the turnaround & restructuring include the following:

- The Department is considering the introduction of a strategic equity partner (SEP) at SAA in the immediate to short-term, to provide funding and skills to support the restructuring of the airline.
- This situation at SA Express is a dire need and the Department has continued to engage the liquidator to find the best solution for the airline going forward.

Identification of sources of funding for the remaining funding requirements for the implementation of the Business Rescue Plan.

DENEL

The Department will support Denel's turnaround by engaging with key stakeholders within Government to achieve alignment on the disposal of non-core businesses and the introduction of private sector partners in Denel businesses as well as ensure that the sovereign and strategic capabilities are sustainable. Furthermore, reposition the SOC and align its corporate strategy with Government's strategic priorities. Monitor the financial and operational performance of the SOC and progress on the capital expenditure programme. Respond to legislation, policies and regulations being introduced or amended that impact on the SOC.

Key interventions to be made by the Department to support the turnaround

Denel is a case study on the impact of state capture and corruption at SOCs. The business has seen its revenues reduced from a peak of R8.2 billion five years ago to R2.7 billion in 2019/20 – a decline of 67%.

Denel is implementing a restructuring plan and some elements of the plan are:

- To maximise business value of Denel's core business areas and reposition the business development function;
- To introduce Strategic Equity Partners (SEPs), to maximise business potential of core businesses and exit non-core businesses, to enhance financial sustainability and business focus;
- A focused strategy to strengthen leadership capacity in the critical areas of the business such as in finance, operations and general management; and

- The Department is engaging with the Department of Defence and other key stakeholders to ensure alignment on the introduction of strategic partners into Denel's

businesses and to ensure that the sovereign and strategic capabilities that Denel maintains are adequately funded.

External environment analysis

Following the President's February 2019 announcement that Eskom will be unbundled into 3 separate companies under Eskom Holdings, starting with the creation of a Transmission Company, The Department published a Special paper on Eskom in October 2019 ("Roadmap for Eskom in a Reformed Electricity Supply Industry") outlining the Road Map and a blue print to restructuring and the separation process.

The Programme Manager is required to oversee the restructuring of Eskom as envisaged in the DPE Special Paper as well as oversee the development of a project plan in line with the Road Map clearly outlining the risks, dependencies and inter-dependencies for a successful restructuring programme. The functional and legal unbundling will be the core deliverable to the Department. Furthermore, the Programme Manager will assist with energy policy coordination with the Department of Mineral Resources and Energy and the National Energy Regulator of South Africa.

Review of Treasury Management Practices of SOCs

The Department will develop a framework with minimum standards for Treasury Management functions across the SOCs. This will be done after a review of SOCs' functions matched with global benchmarks through an external service provider.

The establishment of the Presidential SOE Council and the Development of the Government Shareholder Management Bill:

The Department has been appointed to serve as the Secretariat for the Presidential SOE Council. The Council has a responsibility to provide political and strategic oversight of the SOEs, to reposition them as effective instruments of economic development. To respond to the need to codify government's role as shareholder, the Department will be leading the development of an overarching Government Shareholder Management Bill, aimed at strengthening the governance of SOCs. A phased approach will be followed: first a Green Paper, setting out policy options for the key elements to be addressed in the legislation will be developed for approval by Cabinet, before being released for formal stakeholder consultation. Taking into account the stakeholder inputs, a White Paper will then be developed and consulted upon. Finally, the White Paper will be translated into draft legislation for submission into the Parliamentary process. This will amongst other things address governance, SOCs' mandates, funding models as well as guidelines for private sector participation.

President Ramaphosa during the 2021 SONA (State of the Nation Address) in referring to the Presidential State-Owned Council said: "To support our reform process, the Presidential

State Owned Enterprises Council has outlined a clear set of reforms that will enable these vital public companies to fulfil their mandate for growth and development. Overarching legislation for state-owned companies will be tabled in Cabinet this financial year and Parliament in the next the financial year. A centralised SOE model is being implemented this financial year, which will ensure a standardised governance, financial management and operational performance framework for all SOEs. The mandates of all SOEs are being re-evaluated to ensure that they are responsive to the country's needs and the implementation of the National Development Plan."

SOE Leadership Model:

The DPE contends that the quality of leadership that is required for SOC Boards and Executive positions is unique and that there are many lessons that could be learnt from other countries that have developed dedicated leadership development programmes.

Verification of potential candidates for Boards:

An integral oversight function is the appointment of appropriately skilled, competent and suitable persons to the Boards of SOCs. As part of the Board appointment methodology, the DPE undertakes the vetting of potential candidates nominated for appointment to Boards.

Development of the State-Linked Remuneration Survey and Review of the SOC Remuneration Guidelines for Executive Directors, Prescribed Officers and Non-Executive Directors:

The Cabinet decision of 31 January 2020 approved that the Minister of Public Enterprises revisits the approved State-

Owned Entities' (SOEs') Remuneration and incentive Standards (Remuneration Standards) for Executive Directors, Prescribed Officers and Non- Executive Directors with a view to upgrade and also developed the necessary regulations for possible implementation (refer to item 3.2 of the Special Cabinet meeting dated 1 to 2 November 2016).

The Department is in the process of developing a state-linked remuneration survey and benchmark to ensure a fair, responsible and equitable remuneration culture in the State entities. In the same process, the Remuneration Guide will be strengthened to include the recommendations of the survey and address some of the gaps uncovered during the implementation process.

The SOC Risk and Integrity Management Framework (RIMF) was developed in order to enhance oversight practices concerning SOCs under the Executive Authority of Minister of Public Enterprises. The framework comprises Chapters that are aimed to strengthen SOCs' practices in the areas of risk management, conflict of interest, vetting of employees and general ethics management. The priority in the 2021/2022 financial year is to roll-out the RIMF across all SOCs. The DPE will be engaging SOCs in order to raise awareness regarding the requirements of RIMF; and to establish the readiness of each SOC to comply with the requirements and to agree on an implementation plan meant to ensure incremental compliance with the framework.

Development of dividend policy

The development of the dividend policy seeks to introduce a compact between SOCs and Government by ensuring that returns are paid to the shareholder. That will compel SOCs to be efficient and cost-effective in their operations.

Transformation Agenda

In 2021/22 the Department will review, the current Transformation Frameworks to ensure standardisation of gender-based intervention are mainstreamed in the SOCs. This

will be done in consultation with the Department of Women, Children, Youth and People Living with Disabilities. The Department will further engage the people living with disability groups to ensure their participation in the SOCs' programmes.

Internal environment analysis

Department is in a process of realigning its organisational structure in order to develop the institutional capacity to ensure effective oversight of the SOC portfolio. The changes in the organisational structure are intended to provide the skills that have been lost from the Department over time due to factors such as state capture and the inability of the Department to offer competitive salaries, amongst others. Department will further realign its priorities in line with Government's Gender-Based Planning by ensuring women, youth and people living with disabilities are prioritised as outlined in the Employment Equity Act, 1998 (Act no.55 of 1998) and Gender-Responsive

Planning, Budgeting, Monitoring, Evaluation and Auditing Framework.

DPE in the Sixth Administration had emphasised improvement in governance and appointment of competent leadership at the SOCs, as well as ensuring the strengthening of balance sheets, within the constraint fiscus. The stabilisation of the portfolio had relied on conventional and organic management solutions to the challenges facing SOCs. The Department had to concede that the damage that has been done to SOCs by state capture, and decades of bad management decisions have had a profound impact on the SOCs, and radical solutions are required to ensure the situation is turned around.



Part C ***Measuring*** ***Our Performance***

Department of Public Enterprises
Annual Performance Plan

Part C: Measuring our performance

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

1. PROGRAMME 1: ADMINISTRATION AND CORPORATE MANAGEMENT

Purpose: To provide strategic leadership management and support services to the Department.

Sub-programmes:

Office of the Director-General/Management: which provides technical support, enabling Government to optimally exercise governance and performance over the portfolio of SOCs.

Security and Facilities Management: which provides a safe and secure environment, as well as internal administration and facilities services to internal customers.

Information Management and Technology: which provides information technology services and applications as strategic tools for business enablement, including comprehensive records management, knowledge management, library and information services.

Office of the Chief Financial Officer: which provides effective and efficient financial management services to ensure compliance with various legislation, including the Public Finance Management Act, 1999 (Act No 1 of 1999) and Treasury Regulations.

Human Resources: which assists line management to implement operational excellence and develop the human capital potential in the Department.

Communications: which repositions the DPE as a strong shareholder department; makes the DPE brand relevant and meaningful to ordinary South Africans; provides impactful media relations and media communication; and improves employee engagement.

Strategic Management: which coordinates, manages and oversees outcomes-based performance reporting of the Department; implements performance monitoring and evaluation processes for individual programmes and business units as a mechanism for measuring the delivery of strategic objectives; and reports to various stakeholders.

Internal Audit: which provides independent and objective assurance and consulting on internal audit services to add value and improve the Department's operations; and assists the Department to accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Outcomes, outputs, performance indicator and targets for Administration

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Strengthen the governance system of SOCs and promote institutional alignment in the execution of the oversight function	Upskilling existing skills/competency base of the human capital	Number of development interventions provided	22 training interventions provided (WSP)	42 training interventions provided (WSP)	15	20	20	20
	Human Resource Plan	Develop Human Resource plan and submit to DPSA	Develop three year HR Plan and submit to DPSA by 30 June 2018	Review HR Plan and submit to DPSA by 30 June 2019	New indicator	Review 2021/22 HR Plan and submit to DPSA by 30 June 2021	Review 2022/23 HR Plan and submit to DPSA by 30 June 2022	Review 2023/24 HR Plan and submit to DPSA by 30 June 2023
	Approved implementation of Architecture Masterplan	Implementation of Architecture Masterplan	None	New indicator	Development of the Enterprise Architecture Masterplan	Implementation of Architecture Masterplan	Implementation of Architecture Masterplan	Implementation of Architecture Masterplan
	Stakeholder Engagements Plan Developed	Stakeholder Engagements Plan Developed	None	None	None	3 year Stakeholder engagements framework developed	Implementation of Stakeholder engagements framework.	Implementation of Stakeholder engagements framework.

Quarterly Targets for Administration

Output Indicators	Annual target	Q1	Q2	Q3	Q4
1.1 Number of development interventions provided.	20	5	5	5	5
1.2 Develop Human Resource plan and submit to DPSA.	Review 2021/2022 HR Plan and submit to DPSA by 30 June 2021.	Submission to DPSA by 30 June 2021.	None	None	None
1.3 Report on implementation of Architecture Masterplan.	Report on implementation of Architecture Masterplan.	None	None	None	Report on implementation of Architecture Masterplan.
1.4 Stakeholder engagements Framework developed.	3 year Stakeholder engagements framework developed.	None	None	None	Stakeholder engagements framework developed.

Explanation of planned performance over the medium-term period

The programme since 2018/19 has provided training interventions annually to the employees in line with the work skills plan and Individual Development Plans aligned to the PMDS. The target has been revised down due to budgetary constraints in the new financial year and only 15 training interventions will be provided. Due to COVID-19 the target could be reduced further and some of the training to be provided are not yet available online. With regard to Gender-Based Planning, a total of 101 women, 22 young employees and 3 persons living with disability will be trained.

1.1 Programme resource considerations

Programme 1: Administration

Table 1: Administration expenditure trends and estimates by sub-programme and economic classification

Subprogramme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2017/18	2018/19	2019/20	2020/21				2021/22	2022/23	2023/24		
R million												
Ministry	35.0	22.3	39.4	26.4		-8.9%	21.5%	32.6	32.9	33.1	7.7%	20.1%
Management	8.8	11.9	11.0	10.3		5.7%	7.3%	16.5	12.7	12.8	7.3%	8.4%
Communications	36.3	33.6	28.9	33.9		-2.3%	23.2%	36.3	37.1	37.4	3.3%	23.3%
Chief Financial Officer	16.1	17.2	20.8	19.9		7.2%	12.9%	20.7	21.3	21.4	2.5%	13.4%
Human Resources	27.7	27.5	24.4	27.9		0.2%	18.8%	28.5	28.7	28.8	1.1%	18.3%
Internal Audit	3.6	3.6	5.5	6.1		19.4%	3.3%	6.9	7.0	7.2	5.9%	4.4%
Corporate Services	3.4	3.2	3.9	4.0		5.6%	2.5%	4.3	4.4	4.5	4.4%	2.8%
Office Accommodation	13.2	16.7	15.3	14.0		2.0%	10.4%	14.2	14.6	14.6	1.4%	9.2%
Total	144.0	136.0	149.1	142.5		-0.4%	100.0%	159.8	158.7	159.8	3.9%	100.0%
Change to 2020 Budget estimate				(21.8)				(14.5)	(25.4)	(0.0)		
Economic classification												
Current payments	135.8	125.8	137.6	138.9		0.8%	94.1%	156.2	154.9	155.8	3.9%	97.5%
Compensation of employees	68.8	69.6	72.1	92.3		10.3%	53.0%	88.9	89.6	90.2	-0.8%	58.2%
Goods and services ¹	67.0	56.2	65.5	46.5		-11.4%	41.1%	67.3	65.3	65.5	12.1%	39.4%
<i>of which:</i>												
<i>Audit costs: External</i>	3.3	4.0	3.9	4.8		13.1%	2.8%	4.8	5.0	5.0	1.4%	3.1%
<i>Computer services</i>	6.0	5.4	6.7	6.1		0.7%	4.2%	5.2	5.4	5.4	-3.9%	3.6%
<i>Consultants: Business and advisory services</i>	5.2	2.2	4.3	2.0		-27.5%	2.4%	11.7	8.0	8.0	59.0%	4.8%
<i>Operating leases</i>	12.7	15.9	13.4	12.6		-0.3%	9.5%	12.8	13.1	13.2	1.5%	8.3%
<i>Property payments</i>	5.2	3.7	5.0	4.7		-3.3%	3.2%	4.8	4.9	4.9	2.0%	3.1%
<i>Travel and subsistence</i>	16.3	10.0	11.1	2.3		-47.9%	7.0%	11.6	12.0	12.0	73.3%	6.1%
Transfers and subsidies¹	2.9	1.0	7.2	0.1		-68.8%	1.9%	0.0	0.0	0.0	-38.7%	-
Provinces and municipalities	0.0	0.0	0.0	0.0		15.6%	-	0.0	0.0	0.0	5.6%	-
Public corporations and private enterprises	-	-	3.0	-		-	0.5%	-	-	-	-	-
Households	2.9	1.0	4.2	0.1		-70.9%	1.4%	-	-	-	-100.0%	-
Payments for capital assets	5.2	9.3	4.2	3.5		-12.0%	3.9%	3.7	3.9	4.0	4.8%	2.4%

Machinery and equipment	4.9	8.8	4.2	3.5	-10.7%	3.8%	3.7	3.9	4.0	4.8%	2.4%
Software and other intangible assets	0.2	0.5	0.0	–	-100.0%	0.1%	–	–	–	–	–
Payments for financial assets	0.3	0.0	0.0	–	-100.0%	0.1%	–	–	–	–	–
Total	144.0	136.0	149.1	142.5	-0.4%	100.0%	159.8	158.7	159.8	3.9%	100.0%
Proportion of total programme expenditure to vote expenditure	57.5%	2.1%	0.3%	0.2%	–	–	0.4%	7.7%	53.7%	–	–

Expenditure analysis

The spending focus over the medium-term will be on supporting the Department to play its oversight role of SOCs by providing administrative support services to the Department. Spending in this programme is projected to grow from R142.5 million in 2020/21 to R159.8 million in 2023/24. Thus, over the medium-term, the bulk of the programmes' allocation will be spent on compensation of employees and the expenditure will decrease by an average growth rate of 0.8% over the medium-term. Expenditure on goods and services will increase over the medium-term by an average growth rate of 12.1 %.

2. Programme 2: SOC Governance Assurance and Performance

Purpose: Provide and enforce SOCs' governance, legal assurance, financial and non-financial performance monitoring, evaluation and reporting systems, in support of the Shareholder, to ensure alignment with Government's priorities.

Objectives

Ensure effective shareholder oversight of SOCs on an ongoing basis by:

- Providing governance and legal systems;
- Developing and maintaining shareholder risk profiles and mitigating strategies; and
- Monitoring, evaluating and reporting on the financial and non-financial performance, and proposing intervention measures when required.

SUB-PROGRAMMES

Management: comprises the Office of the Deputy Director-General (DDG), which provides strategic leadership and management for the programmes' personnel.

Legal: provides external legal services and support, including transaction and contract management support to sector teams and the commercial activities of SOCs within their portfolios.

Governance: develops, monitors and advises on legislative, corporate governance and shareholder management systems for the Department and SOCs in its portfolio. The sub-programme develops and implements risk and compliance management guidelines and systems for shareholder risk.

Financial Assessment and Investment Support: analyses SOCs' capital plans, operational performances, execution of capital programmes and proposed restructuring proposals; and advises on appropriate action.

2.1 Sub-Programme 2: Governance, Legal Assurance, Risk Profiling and Mitigation

Governance and Legal Assurance

- Develops standardised indicators for the SOCs.
- Performs governance assurance reviews and reports thereon.
- Develops and facilitates the implementation of governance enhancement initiatives.
- Provides technical assistance to the Minister on the Boards' functions.
- Provides governance early warning services.
- Provides legal assurance services.

Risk Profiling and Mitigation

- Develops and facilitates the SOCs' Group Risk Management Framework.
- Maintains the SOCs' Group Risk Register (transversal risk register, with cross-cutting risks).
- Coordinates and facilitates the development of the group risk mitigation strategies.
- Provides early warning services to the Shareholder.
- Provides technical inputs supporting compact alignment processes.

Outcomes, Outputs, Performance Indicators and targets for Governance, Legal Assurance, Risk Profiling and Mitigation

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Strengthen the governance system of SOCs and promote institutional alignment in the execution of the oversight function.	Assessment of the SOC Boards as per the Board Performance Evaluation Framework.	Annual assessment of Independent Board Performance index	Five existing Boards reviewed, and five new Boards appointed.	Board performance Evaluation Framework was developed.	Annual Board Evaluation Report.	Board performance index report produced.	Board performance index report produced.	Board performance index report produced.
Improved governance and accountability	Development and implementation of SOCs Risk integrity management framework.	Reduction in the number of cases concerning board members and employees doing business with the SOC.	New Indicator	Draft SOC Risk integrity Management was developed.	Report on implementation of the RIMF.	Reduction in the number of cases concerning board members and employees doing business with the SOC.	Zero number of cases of officials and board members receiving gifts and/or donations from companies doing with the SOC.	% increase in the total number of SOC employees with required security clearance certificates.
	Government Shareholder Management Bill adopted into law by 2023	Developed Shareholder Management Bill	Shareholder Management Policy developed and submitted to Cabinet	Green Paper for the SOE Bill developed	New Indicator	Draft Shareholder Management Bill submitted to Cabinet	Develop regulations for implementation	Shareholder Oversight regulations implemented
	Review previously undertaken forensic audits and ensure recommendations are implemented (including State Capture Commission)	Forensic audit reviews conducted	Forensic audit reviews conducted	None	New Indicator	Review previously undertaken forensic audits and ensure recommendations are implemented	Review previously undertaken forensic audits and ensure recommendations are implemented	Review previously undertaken forensic audits and ensure recommendations are implemented

Quarterly Targets for Governance, Legal Assurance, Risk Profiling and Mitigation

Output Indicators	Annual target	Q1	Q2	Q3	Q4
2.1 Board performance index report produced index	Board performance index report produced	None	None	None	Board performance index report produced
2.2. Reduction in the number of cases concerning board members and employees doing business with the SOC	Reduction in the number of cases concerning board members and employees doing business with the SOC.	Submission of SOCs with approved implementation plan on RIMF.	Analysis of financial and conflict of interest disclosures of board members and employees of SOCs.	Analysis of the number of cases concerning board members and employees doing business with the SOCs.	Reduction in the number of cases concerning board members and employees doing business with the SOC.
2.3 Shareholder Management draft bill developed	Draft Bill submitted to Cabinet	None	None	None	Draft Bill finalised and submitted to cabinet for approval
2.4 Forensic audit reviews conducted	4 Quarterly Review Report of previously undertaken forensic audits and ensure recommendations are implemented	1	1	1	1

Explanation of planned performance over the medium-term period

The Board Performance Framework was developed in 2019/20 and the Programme has urged SOCs in the portfolio to begin its implementation. Boards remain responsible and accountable to submit an annual independent Board performance appraisal by the end of June of each year, which will go towards the overall performance of the SOCs considered during the Annual General Meeting cycle. Development of the revised policy for shareholder management and drafting of the bill is dependent on further consultation with key stakeholders. However, the Programme will fast-track the process should resources and consultations take place timeously.

The SOC Risk and Integrity Management Framework (RIMF) was developed in order to enhance oversight practices concerning SOCs. The framework comprises Chapters that are aimed to strengthen SOC's practices in the areas of risk management, conflict of interest, vetting of employees and general ethics management. The priority in the 2021/2022 financial year is to roll out the RIMF across all SOCs. The programme will be engaging SOCs in order to raise awareness regarding the requirements of RIMF. The Programme will further establish the readiness of each SOC in compliance with the requirements on implementation of RIMF framework.

2.2 Sub-Programme 2: Financial Assessment and Investment Support

Objectives

- Develop standardised financial assessment guidelines and indicators for SOCs.
- Perform financial reviews and report thereon.
- Assess applications for funding instruments and coordination of authorisation thereof.
- Facilitate, support and monitor the implementation of financial sustainability initiatives for the DPE portfolio.

Outcomes, Outputs, Performance Indicators and targets for Financial Assessment and Investment Support

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Improved independent financial sustainability of SOCs	Outlook on SOC financial position	Number of SOC quarterly financial reviews and reports produced	27	28	20	24	24	24
	Alignment of SOC plans to key priorities outlined in SIS and SHC	Number of corporate plans reviewed	7	7	5	6	6	6
	Monitor implementation of SOCs external auditors' audit findings	Number of consolidated progress report on SOCs' audit findings	None	2	2	2	2	2
	Payment of SOCs' proportion of earnings	Standardised methodology and frequency of payment of dividend	None	New indicator	Draft SOCs Dividend Policy Framework developed	SOCs Dividend Policy Framework developed	None	None

Quarterly Targets for Financial Assessment and Investment Support

Output Indicators	Annual target	Q1	Q2	Q3	Q4
3.1 Number of SOC quarterly financial reviews and reports produced	24	6	6	6	6
3.2 Number of corporate plans reviewed	6	None	None	None	6
3.3 Number of consolidated progress report on SOCs' audit findings	2	1	None	None	1
3.4 Standardised methodology and frequency of payment of dividend	SOCs Dividend Policy Framework developed	None	None	None	SOCs Dividend Policy Framework developed

Explanation of planned performance over the medium-term period

Most of the SOCs overseen by the programme are under financial constraint, the programme will strengthen its monitoring insofar as finances are concerned. The Programme will review all Corporate Plans to ensure that SOCs are on the right track in stabilising the finances, and monitor the implementation of audit findings. The programme will further ensure that SOCs' recommended corrective measures identified during the previous financial years' audits are adhered to. In order to drive SOCs to a better financial footing, a Dividend Framework will be developed.

2.3 Programme resource considerations

Programme 2: State-owned Companies' Governance Assurance and Performance

Table 3: State-owned Companies' Governance Assurance and Performance expenditure trends and estimates by sub-programme and economic classification

Sub-programme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2017/18	2018/19	2019/20				2020/21	2021/22	2022/23		
R million	2017/18	2018/19	2019/20	2020/21	2017/18 - 2020/21		2021/22	2022/23	2023/24	2020/21 - 2023/24	
Management	2.8	2.7	2.0	2.9	1.1%	7.3%	3.2	3.2	3.3	4.6%	5.2%
Legal	11.6	12.1	11.1	14.3	7.3%	34.2%	15.1	15.1	16.1	4.0%	24.9%
Governance	7.2	8.8	11.6	13.7	24.0%	28.8%	23.6	30.4	33.4	34.7%	41.4%
Financial Assessment and Investment Support	6.0	9.9	12.2	14.5	34.6%	29.7%	19.8	19.0	16.1	3.5%	28.5%
Total	27.5	33.5	36.9	45.5	18.2%	100.0%	61.7	67.7	68.9	14.9%	100.0%
Change to 2020				(9.2)			3.7	6.6	0.0		
Budget estimate											
Economic classification											
Current payments	27.4	33.5	36.0	45.5	18.4%	99.3%	61.7	67.7	68.9	14.9%	100.0%
Compensation of employees	21.4	26.3	28.2	34.8	17.5%	77.3%	33.8	34.6	35.3	0.4%	56.8%
Goods and services ¹	6.0	7.2	7.8	10.7	21.3%	22.0%	27.9	33.1	33.7	46.8%	43.2%
<i>of which:</i>											
Communication	0.2	0.2	0.2	0.3	25.0%	0.5%	0.3	0.3	0.3	1.7%	0.5%
Consultants: Business and advisory services	0.6	0.0	1.7	6.0	117.9%	5.8%	17.3	22.4	21.9	53.5%	27.7%
Legal services	3.3	5.5	4.9	3.1	-1.9%	11.7%	6.0	6.0	7.0	31.5%	9.1%
Travel and subsistence	1.9	1.3	1.0	1.2	-15.7%	3.8%	4.2	4.3	4.5	57.2%	5.8%
Venues and facilities	0.0	0.0	-	0.1	34.8%	0.1%	0.1	0.1	0.1	-6.5%	0.1%
Transfers and subsidies¹	0.1	-	0.9	-	-100.0%	0.7%	-	-	-	-	-
Public corporations and private enterprises	-	-	0.6	-	-	0.4%	-	-	-	-	-
Households	0.1	-	0.3	-	-100.0%	0.3%	-	-	-	-	-
Total	27.5	33.5	36.9	45.5	18.2%	100.0%	61.7	67.7	68.9	14.9%	100.0%
Proportion of total programme expenditure to vote expenditure	11.0%	0.5%	0.1%	0.1%	-	-	0.2%	3.3%	23.2%	-	-

Expenditure analysis

Expenditure in the programme increases at an average annual rate of 14.9 per cent, from R45.5 million in 2020/21 to R68.9 million in 2023/24. The Department has reprioritised R40.9 million over the medium-term to establish a Secretariat for the Presidential State-owned Enterprises Council and develop a Government **Shareholder Management Bill**. The Council is an advisory body responsible for supporting Government in repositioning SOEs, strengthening the framework governing SOCs, determining an appropriate shareholder ownership model, and assisting in monitoring the implementation of reforms. The Bill is intended as an overarching legislation that aims to strengthen the governance of SOCs. The Department also expects to develop the SOCs Board Evaluation Framework by 2021, which will form the basis for the annual performance review of SOC Boards.

3. Programme 3: Business Enhancement and Industrialisation

Purpose: To provide sector oversight of SOCs by advancing industrialisation, transformation, inter-governmental relations and international collaboration services; and support the Shareholder to strategically position and enhance the operations of SOCs.

Objectives

- To contribute to the performance of SOCs on an ongoing basis by:
 - Conducting reviews, research and modelling of pipelines and new business enhancement opportunities within the SOCs;
 - Assessing operations of SOCs and developing mitigation instruments in conjunction with policy departments, regulatory bodies and industry; and
 - Conducting research, modelling job creation and transforming instruments for SOCs to *inter alia* inform compact alignment imperatives.

Sub-programmes

- **Business Enhancement Services** develops and coordinates the implementation of the SOCs' strategies to leverage localisation programmes; provides inter-governmental coordination and support to programmes and SOCs in relation to economic development programmes as agreed with provincial and local governments; maintains a register of commitments made by SOCs and enables the implementation of special programmes focusing on skills development, transformation and the youth.
- **Energy Resources** exercises shareholder oversight over Eskom, Alexkor and SAFCOL.
- **Research and Economic Modelling** conducts cost benefit analysis reviews on business enhancement and transformation initiatives and develops economic sustainability models for proposed work packages and projects.
- **Transport and Defence** exercises shareholder oversight over Transnet, SA Express Airways, SAA and Denel.

3.1 Sub-Programme: Business Enhancement Services

Objectives

- Initiates and coordinates specialist research projects to model the short-, medium- and long-term business enhancement prospects.
- Develops and coordinates the implementation of SOCs' group pipeline business enhancement strategies and instruments.
- Develops business enhancement models for the clusters and coordinates the adoption processes.
- Initiates and coordinates specialist research projects to define business enhancement inhibitors for the SOC Groups.
- Liaises with policy and regulatory institutions to mitigate the impact of the identified business inhibitors.
- Provides technical inputs to influence alignment of the regulatory regime impacting on the operations of the SOC Groups.
- Provides technical advisory services to support SOCs' compact alignment processes and facilitate their development/adoption.

Outcomes, Outputs, Performance Indicators and targets for Business Enhancement, Transformation and Industrialisation

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Increase the contribution of SOCs to support transformation of the South African economy	Improved SOCs' spend on locally manufactured goods and services	% increase spend on local content	New indicator	New indicator	Assessment report on SOCs' 75% spend on local content	Assessment report on SOCs' 75% spend on local content	Assessment report on SOCs' 75% spend on local content	Assessment report on SOCs' 75% spend on local content
	Improved SOCs' contribution transformation agenda	% increase spend on Preferential Procurement	New indicator	New indicator	Assessment report on SOCs' 75% spend on Preferential Procurement	Assessment report on SOCs' 75% spend on Preferential Procurement and BBBEE level 6	Assessment report on SOCs' 75% spend on Preferential Procurement	Assessment report on SOCs' 75% spend on Preferential Procurement
	Socio-economic development programme of SOCs	% increase in SOC CSI programme allocation	Annual report on CSI strategic and high impact	Four (4) quarterly reports on the monitoring of SOCs' CSI	4 Assessment reports on 0.2% per performing SOC	Assessment reports on 0.2% per performing SOC	Assessment reports on 0.2% per performing SOC	Assessment reports on 0.2% per performing SOC

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
			projects implemented.	programmes produced				
Support the development of small, medium and micro enterprises (SMMEs)	Improved SOCs' spend on enterprise development	Annual value of enterprise development contributions	None	New indicator	Assessment report on SOCs' 1% TMPS spent	Assessment report on SOCs' 1% TMPS spent	Assessment report on SOCs' 1% TMPS spent	Assessment report on SOCs' 1% TMPS spent
Economic Transformation and Job Creation	A minimum % of leviable amount (excluding the statutory skills development levy) on essential skills development	Assessment report on % spent of leviable amount (Spent in the supply of scarce and critical skills in occupations in demand)	Four quarterly reports on SOCs' contribution to development of scares and critical skills	Four (4) quarterly monitoring reports on SOCs' contribution to the skills development produced	Monitoring reports on SOCs' contribution to the development of scarce and critical skills produced	Monitoring reports on SOCs' 3% spend of leviable amount	Monitoring reports on SOCs' 3% spend of leviable amount	Monitoring reports on SOCs' 3% spend of leviable amount
Position SOCs to support the re-industrialisation of the SA economy	Adaptation to Climate Change Impact	DPE Environmental Implementation Plan published in the Government Gazette	SOC environmental research conducted	DPE EIP was produced	None	DPE Environmental Implementation Plan Published in the Government Gazette	Monitoring and reporting on the EIP	Monitoring and reporting on the EIP
Position SOCs to support the re-industrialisation of the SA economy	Monitor Implementation of SOC Climate Change Response Plans to reduce emissions and increase resilience	Consolidated report on SOC Climate Change Response Initiatives	None	None	None	Consolidated report on SOC Climate Change Response Initiatives	Consolidated report on SOC Climate Change Response Initiatives	Consolidated report on SOC Climate Change Response Initiatives

Outcome	Output	Output Indicators	Annual Targets						
			Audited Performance		Estimated Performance	MTEF Period			
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
	to climate change impact								

Quarterly Targets for Business Enhancement and Industrialisation

Output Indicators	Annual target	Q1	Q2	Q3	Q4
4.1 Assessment report on % increase spend on local content.	4 Assessment reports on SOCs' 75% spend on local content.	Assessment report on SOCs' 75% spend on local content.	Assessment report on SOCs' 75% spend on local content.	Assessment report on SOCs' 75% spend on content.	Assessment report on SOCs' 75% spend on content.
4.2 Assessment report on % increase spend on SOCs' Preferential Procurement and BBBEE level 6 compliance	4 Assessment reports on SOCs' 75% spend on Preferential Procurement and BBBEE level 6 compliance	Assessment report on SOCs' 75% spend on Preferential Procurement and BBBEE level 6 compliance	Assessment report of SOCs' 75% spend on Preferential Procurement and BBBEE level 6 compliance	Assessment report of 75% spend on Preferential Procurement and BBBEE level 6 compliance	Assessment report of SOCs' 75% spend on Preferential Procurement and BBBEE level 6 compliance
4.3 Assessment reports on % increase in SOC CSI programme allocation	4 Assessment reports on 0.2% spend on SOC CSI programme	Assessment reports on 0.2% spend on SOC CSI programme	Assessment reports on 0.2% spend on SOC CSI programme	Assessment reports on 0.2% spend on SOC CSI programme	Assessment reports on 0.2% spend on SOC CSI programme
4.4 Annual value of enterprise development contributions	4 Assessment reports on SOCs' 1% TMPS spent	Assessment of SOCs' 1% TMPS spent	Assessment of SOCs' 1% TMPS spent	Assessment of SOCs' 1% TMPS spent	Assessment of SOCs' 1% TMPS spent
4.5 Assessment reports on SOCs' 3% spent of leviable amount (Spent in the supply	4 Assessment Reports on SOCs' 3% spent of leviable amount	Assessment Reports on SOCs' 3% spent of leviable amount	Assessment Reports on SOCs' 3% spent of leviable amount	Assessment Reports on SOCs' 3% spent of leviable amount	Assessment Reports on SOCs' 3% spent of leviable amount

Output Indicators	Annual target	Q1	Q2	Q3	Q4
of scarce and critical skills in occupations in demand)					
4.6 DPE Environmental Implementation Plan (EIP) published in the Government Gazette	DPE EIP published in the Government Gazette	None	DPE EIP Published in the Government Gazette	None	None
4.7 Consolidated report on SOC Climate Change Response Initiatives compiled	Consolidated report on SOC Climate Change Response Initiatives	Draft Consolidated report on SOC Climate Change Response Initiatives	Draft Consolidated report on SOC Climate Change Response Initiatives	Draft Consolidated report on SOC Climate Change Response Initiatives	Consolidated report on SOC Climate Change Response Initiatives

Explanation of planned performance over the medium-term period

With all the challenges faced by SOCs, the role of assisting the transformation of the economy still remains. It is in this light that the Department will continue to monitor the SOCs' spend on local content and further monitor the skills development of learners by the SOCs. The sub-programme will collaborate with the Department of Women, Youth and Person with disabilities to advocate for gender-based mainstreaming in all SOCs programmes that intend to empower South Africans.

3.2 Sub-Programme: Energy and Resources

This sub-programme involves:

Management – the Office of the Deputy Director-General, which provides strategic leadership and management of programme personnel.

Eskom – shareholder management and oversight of Eskom's financial performance.

Alexkor – shareholder management and oversight of Alexkor, including a review of its strategy to enhance financial sustainability and overseeing implementation of the Richtersveld Deed of Settlement.

SAFCOL – shareholder management and oversight, including forestry management, timber harvesting, timber processing and related activities, both domestically and internationally, as well as oversight of the entity's restructuring.

Purpose

The sub-programme is responsible for the oversight of three SOCs, namely Eskom, Alexkor and SAFCOL.

Eskom SOC Limited

- Examining on an ongoing basis Eskom's maintenance plans, operational practices, electricity generation and distribution efficiency, as well as its reserve margin.
- Ensuring on an ongoing basis that Eskom supplies electricity by monitoring, evaluating and engaging Eskom on system security and the new Build Programme to alleviate constraints.
- Facilitating on an ongoing basis engagement between Eskom and other spheres of Government to address the municipal debt.
- Monitoring on an ongoing basis the roll-out of the capital investment programme to ensure that it is delivered on time, is of appropriate quality and within budget.

Alexkor SOC Limited

- Ensuring increased diamond production and promoting the financial stability of the joint venture by monitoring the implementation of Alexkor's strategy to promote financial sustainability and monitor the Pooling and Sharing Joint Venture turnaround strategy on a quarterly basis.
- Ensuring collaboration and alignment of the two SOCs to provide a clear indication to market by developing a collaborative model with the African Exploration Mining and Finance Corporation over the medium-term.
- Contributing to developing sustainable economic activities linked to the agricultural sector by continuously supporting and coordinating the joint efforts of the DPE with the Department of Mineral Resources and Energy (DMRE) and the Department of Agriculture, Rural Development and Land Reform (DARDLR), to stabilise the Richtersveld region and make use of revenues.

SAFCOL SOC Limited

- Oversight of the implementation of the land restitution strategy for claims over the Komatiland Forests Land Claims Settlement Model to ensure meaningful benefits to successful land claimants over the medium-term.
- Oversight of the implementation of SAFCOL's corporate strategy over the medium-term.

- Engagement with the Departments of Rural Development and Land Reform, Agriculture, Forestry and Fisheries; and Trade and Industry, to ensure the warehousing of the shares held by SAFCOL and shares in the four privatised forestry companies.
- Reduction of reliance on the sawlog market by supporting the development of the new business strategy over the medium-term.

OUTCOME, OUTPUT, INDICATORS, TARGET FOR ENERGY AND RESOURCES

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Improved governance and accountability	Shareholder compacts signed	Number of shareholder compacts signed per (Eskom, Alexkor and SAFCOL)	3 Shareholder compacts signed per (Eskom Alexkor and SAFCOL)	Not Achieved 3 Shareholder Compacts not signed	3 Shareholder compacts signed per (Eskom, Alexkor and SAFCOL)	3 Shareholder compacts signed per (Eskom, Alexkor and SAFCOL)	3 Shareholder compacts signed per (Eskom, Alexkor and SAFCOL)	3 Shareholder compacts signed per (Eskom, Alexkor and SAFCOL)
Increase the contribution by SOCs in support of the transformation of the South African economy	SAFCOL's re-investment on Timbadola project	SAFCOL's Timbadola re-investment project	Conduct a feasibility on the processing capacity in Mpumalanga and Limpopo	MoA with State organs on the review of State Forestry Assets was developed	4 Progress reports on SAFCOL's Timbadola re-investment project	4 Progress reports on SAFCOL's implementation of the Timbadola project	4 Progress reports on SAFCOL's implementation of the Timbadola project	None
	Optimal operating structure for Alexkor	Restructured Alexkor	Study on State-Owned Mining Assets to propose an optimum structure completed	Not Achieved Implementation of the proposed shareholding structure	Proposed shareholding structure for Alexkor mining rights	4 progress reports on the implementation of the optimal operating structure	None	None
Supply of energy secured	Increase energy availability factor to above 80% by 2024	Increased energy availability factor	4 progress reports on the monitoring of Eskom's build programme (Medupi & Kusile)	4 Assessment reports on the delivery of Eskom's Build programme (Medupi, Kusile and Power	4 Progress reports on Eskom's delivery of the infrastructure programme	4 Progress reports on Eskom's delivery of the infrastructure programme (50%)	4 Progress reports on Eskom's delivery of the infrastructure programme (65%)	4 Progress reports on Eskom's delivery of the infrastructure programme (80%)

(...cont...)

				Delivery Projects)				
	(Increase Electricity reserve margins by 15% by 2024	Increased electricity reserve margin	3 progress reports produced and pending, 1 which will be submitted at the end of quarter 4	4 progress reports on the performance of Eskom's generation fleet	4 progress reports on the performance of Eskom's generation fleet	4 progress reports on the performance of Eskom's generation fleet (21%)	4 progress reports on the performance of Eskom's generation fleet (18%)	4 progress reports on the performance of Eskom's generation fleet (15%)
Supply of energy secure	Explore embedded generation (SSEG) Options to augment generation capacity Eskom capacity by 1000 MW by 2024	Additional 1000 MW by 2024 commissioned (200mw by 2021)	None	New indicator	Progress report on additional embedded generation capacity added.	Progress report on additional embedded generation capacity added.	Progress report on additional embedded generation capacity added.	Progress report on additional embedded generation capacity added.
	Implementation of the Eskom Road Map commitment by 2024 (unbundling process)	Implement Eskom's Road Map for reformed electricity supply industry (unbundling process)	None	New indicator	2 progress reports on the implementation of Eskom's Road Map	2 progress reports on the implementation of Eskom's Road Map (unbundling process).	2 progress reports on the implementation of Eskom's Road Map (unbundling process).	2 progress reports on the implementation of Eskom's Road Map (unbundling process).

Quarterly Targets for Energy and Resources

Output indicator	Annual target	Q1	Q2	Q3	Q4
5.1 Number of Shareholder Compacts signed (Eskom, Alexkor and SAFCOL)	3 Shareholder Compacts signed (Eskom, Alexkor and SAFCOL)	None	None	3 Shareholder Compacts signed (Eskom, Alexkor and SAFCOL)	None
5.2 SAFCOL's increase in revenue	4 progress reports on SAFCOL's Timbadola re-investment project	Assessment of SAFCOL's Timbadola re-investment project	Assessment of SAFCOL's Timbadola re-investment project	Assessment of SAFCOL's Timbadola re-investment project	Assessment of SAFCOL's Timbadola re-investment project
5.3 Restructured Alexkor	4 Progress reports on the implementation of the optimal operating structure	Report on the implementation of the optimal operating structure	Report on the implementation of the optimal operating structure	Report on the implementation of the optimal operating structure	Report on the implementation of the optimal operating structure
5.4 Eskom Planned Capacity Adherence(Infrastructure/Build programme)	4 progress reports on Eskom's delivery of infrastructure programme	Assessment reports of the infrastructure programme	Assessment reports of the infrastructure programme	Assessment reports of the infrastructure programme	Assessment reports of the infrastructure programme
5.5 Increased electricity reserve margin	4 assessment reports on Eskom's performance generation fleet	Assessment of performance of the generation fleet	Assessment of performance of the generation fleet	Assessment of performance of the generation fleet	Assessment of performance of the generation fleet
5.6 Explore embedded generation (SSEG) Options to augment generation capacity Eskom capacity by 1000 MW by 2024	2 progress reports on the additional embedded generation capacity added.	None	Progress reports on additional embedded generation capacity added.	None	Progress reports on additional embedded generation capacity added.
5.7 Eskom's Road Map for reformed electricity supply industry implemented by 2024 (unbundling process)	2 progress reports on the implementation of the Eskom Road Map for reformed electricity supply industry (unbundling process).	None	Progress report on the implementation of the Eskom Road Map for reformed electricity supply industry (unbundling process).	None	Progress report on the implementation of the Eskom Road Map for reformed electricity supply industry (unbundling process)

Explanation of planned performance over the medium-term period

The unit will continue to monitor fleet maintenance to make sure that the SOC's build programmes are efficient and working optimally. The electricity shortage is still a national challenge South Africa is still experiencing load shedding. Programme will continue to monitor the increase electricity margins on quarterly basis. Restructuring of Alexkor and review of shareholding structure remain a priority in the new financial year. The programme will monitor SAFCOL Timbadola Project on quarterly basis as an investment opportunity initiative.

3.3 Sub-Programme: Transport and Defence

This sub-programme involves:

Management – the Office of the Deputy Director-General provides strategic leadership and management of programme personnel.

Denel – shareholder management and oversight of Denel's financial performance and strategy implementation.

SAA – aligns SAA's corporate strategies with Government's strategic intent and monitors financial and operational performance.

The sub-programme is responsible for the oversight of three SOCs, namely Transnet, SAA and SA Express Airways.

Transnet SOC Limited

- Provides oversight on Transnet's implementation of the Market Demand Strategy to optimise the economic impact of infrastructure investment on the economy by monitoring the rollout of Transnet's Capital Expenditure Programme, quarterly and annually; and by assessing any significant deviations from corporate plans and potential cost overruns and time delays on major capital projects.

South African Airways SOC Limited

- Develops a strategic proposal for the optimal group structure of the State-owned airlines to assist in rationalising the structure of these airlines as well as to unify their operations.
- Facilitates the review of commercial arrangements as and when required to support the financial position of the company to ensure its long-term financial and commercial sustainability.

Denel SOC Limited

- Oversees the development of a long-term growth strategy to achieve financial stability and the growth of manufacturing export products on an ongoing basis.

Transnet – aligns the corporate strategies of Transnet with government's strategic intent and monitors financial and operational performance.

- Leverages off the company's advances in manufacturing capability through securing work packages in support of the industrialisation drive aligned with the Industrial Policy Action Plan (IPAP) over the medium-term.
- Ensures Denel's ongoing sustainability by monitoring the implementation of the multi-year turnaround plan over the medium-term.
- Ensures proper balance between the need to develop indigenous capabilities in response to national defence equipment requirements and the need to cooperate and collaborate with international armaments companies in the context of high development costs and the importance of having access to selected markets on an ongoing basis.

Outcome, Output, Indicators, Target for Transport and Defence

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Improved governance and accountability	SOC implementation of agreed key performance indicators	Number of shareholder compacts signed per (Transnet, Denel, SAA and SA Express)	Three Shareholder Compacts (2019/20) signed (Transnet, SA Express, and Denel)	No Shareholder Compacts (2020/21) (Transnet, SA Express, SAA and Denel) were signed	Three 2021/22 Shareholder Compacts signed (Transnet, Denel and SAA)	Three 2022/23 Shareholder Compacts signed (Transnet, Denel and SAA)	Three 2023/24 Shareholder Compacts signed (Transnet, Denel and SAA)	Three 2024/25 Shareholder Compacts signed (Transnet, Denel and SAA)
Improved independent financial sustainability of SOCs	Monitor performance of Denel against client-agreed milestones on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters.	Progress report on the performance of Denel against client-agreed milestones on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters.	None	None	New Indicator	4 Progress reports on the performance of Denel against client-agreed milestones on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters.	4 Progress reports on the performance of Denel against client-agreed milestones on significant contracts	4 Progress reports on the performance of Denel against client-agreed milestones on significant contracts
Increase access to an affordable and reliable transport system	Improved Investment programme in rolling stock and rail infrastructure	Improved service reliability, predictability of service, and cost-effectiveness of the transport system with a	None	New indicator	4 Quarterly reports on progress on the Investment programme in rolling stock and rail infrastructure	4 Quarterly reports on progress on the Investment programme in rolling stock	4 Quarterly reports on progress on the Investment programme in rolling stock	4 Quarterly reports on progress on the Investment programme in rolling stock

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
		higher customer satisfaction rate.			and efficiency impact on the rail system.			
	Corporatised National Ports Authority as required by Section 3(2), 4 and 27 of National Ports Act No 12 of 2005.	Implementation of the agreed decision of Government on the structure and functions of TNPA.	None	None	4 Quarterly progress reports on corporatization of TNPA.	4 Quarterly progress reports on the implementation of the decision on the future structure and functions of TNPA.	4 Quarterly progress reports on the implementation of the decision on the future structure and functions of TNPA.	4 Quarterly progress reports on the implementation of the decision on the future structure and functions of TNPA.
	Improved port terminal equipment reliability	Improved port equipment reliability across the strategic container terminals.	None	New indicator	4 Quarterly assessment reports on port performance and equipment reliability.	4 Quarterly assessment reports on port performance and equipment reliability.	4 Quarterly assessment reports on port performance and equipment reliability.	4 Quarterly assessment reports on port performance and equipment reliability.
	Transnet Key Sector Strategy development linked to primary corridors.	Improvement on performance of key primary corridors of Transnet assessed and implementation of the strategy.	None	None	New Indicator	4 Quarterly assessment reports providing status report on the implementation of the corridor strategy.	4 Quarterly assessment reports providing status report on the implementation of the corridor strategy.	4 Quarterly assessment reports providing status report on the implementation of the corridor strategy.

Quarterly Targets for Transport and Defence

Output Indicators	Annual target	Q1	Q2	Q3	Q4
6.1 Number of Shareholder Compacts signed per (Transnet, SAA and Denel)	Three 2022/23 Shareholder Compacts signed (Transnet, SAA, and Denel)	None	None	Three 2022/23 Shareholder Compacts signed (Transnet, SAA, and Denel)	None
6.2 Progress report on performance of Denel against client-agreed milestones on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters).	4 Quarterly progress reports on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters).	Quarterly progress report on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters).	Quarterly progress report on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters).	Quarterly progress report on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters).	Quarterly progress report on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters).
6.3 Improved service reliability, predictability of service and cost-effectiveness of the transport system with a higher customer satisfaction rate.	4 Quarterly reports on progress on the Investment programme in rolling stock and rail infrastructure	Quarterly report on progress on the Investment programme in rolling stock and rail infrastructure	Quarterly report on progress on the Investment programme in rolling stock and rail infrastructure	Quarterly report on progress on the Investment programme in rolling stock and rail infrastructure	Quarterly report on progress on the Investment programme in rolling stock and rail infrastructure
6.4 progress reports on the implementation of the decision on the future structure and functions of TNPA.	4 Quarterly progress reports on the implementation of the decision on the future structure and functions of TNPA.	Quarterly progress reports on the implementation of the decision on the future structure and functions of TNPA.	Quarterly progress reports on the implementation of the decision on the future structure and functions of TNPA.	Quarterly progress reports on the implementation of the decision on the future structure and functions of TNPA.	Quarterly progress reports on the implementation of the decision on the future structure and functions of TNPA.
6.5 Improved turnaround times across the strategic container terminals.	4 Quarterly assessment reports on port equipment reliability.	Quarterly assessment report on port equipment reliability.	Quarterly assessment reports on port equipment reliability.	Quarterly assessment report on port equipment reliability.	Quarterly assessment report on port equipment reliability.
6.6 Assessment reports providing status report on the implementation of the corridor strategy	4 Quarterly assessment reports providing status report on the implementation of the corridor strategy.	Quarterly assessment reports providing status report on the implementation of the corridor strategy.	Quarterly assessment reports providing status report on the implementation of the corridor strategy.	Quarterly assessment reports providing status report on the implementation of the corridor strategy.	Quarterly assessment reports providing status report on the implementation of the corridor strategy.

Explanation of planned performance over the medium-term period

The Programme will continue to monitor the restructuring plan of Denel and performance of Denel against client-agreed milestones on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters. Due to SA Express liquidation, the programme will monitor and sign Shareholder Compact with 3 SOCs that exclude SA Express.

3.4 Sub-Programme: Research and Economic Modelling

Objectives

- Conduct cost benefit analysis reviews of proposed business enhancement and transformation initiatives.
- Develop economic sustainability models for proposed work packages and projects.

Outcomes, Outputs, Indicators and Quarterly Targets for Research and Economic Modelling

Outcome	Output	Output Indicators	Annual Targets					
			Audited Performance		Estimated Performance	MTEF Period		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Increase the contribution of SOCs to support the transformation of the South African economy	Development of a Just Energy Transition Framework	"Just" Energy Transition Framework developed in collaboration with Eskom.	None	None	New indicator	Progress report on development of "Just" Energy Transition Framework in collaboration with Eskom.	Progress report on implementation of "Just" Energy Transition Framework.	Progress report on implementation of "Just" Energy Transition plan.
	Global, Regional and local economic review	Review Global, Regional and local economic report.	None	None	None	Quarterly report on Global, Regional and local economic review.	Quarterly report Global, Regional and local economic review.	Quarterly Global, Regional and local economic review.
	Industry-specific research.	Number of industry- specific research conducted.	None	10	5 Industry-specific researches.	2 Industry-specific researches.	2 Industry-specific researches.	2 Industry-specific researches.

Quarterly Targets for Research and Economic Modelling

Output Indicators	Annual target	Q1	Q2	Q3	Q4
7.1 Progress report on development of "Just" Energy Transition Framework produced.	Progress report on development of "Just" Energy Transition Framework in collaboration with Eskom.	None	None	None	Progress report on development of "Just" Energy Transition Framework produced.
7.2 Review of Global, Regional and local economic report.	4 Quarterly report of Global, Regional and local economic review produced.	Quarterly report of Global, Regional and local economic review produced.	Quarterly report of Global, Regional and local economic review produced.	Quarterly report of Global, Regional and local economic review produced.	Quarterly report of Global, Regional and local economic review produced.
7.3 Number of industry-specific researches conducted.	2 Industry-specific researches conducted.	None	2 Industry-specific researches conducted.	None	2 Industry-specific researches conducted.

Explanation of planned performance over the medium-term period

The programme will conduct industry-specific research to inform policy decision-making will be done. On quarterly basis will review global, regional and local economic report to inform the Department.

3.5 Programme resource considerations

Programme 3: Business Enhancement, Transformation and Industrialisation

Table 4: Business Enhancement, Transformation and Industrialisation expenditure trends and estimates by sub-programme and economic classification

Sub-programme	Audited outcome				Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2017/18	2018/19	2019/20	2020/21				2021/22	2022/23	2023/24		
R million												
Energy Resources	14.5	9.5	49 013.6	56 010.9	1470.9%	74.8%	31 703.4	8.4	8.1	-94.7%	76.0%	
Research and Economic Modelling	25.2	6.9	6.7	9.4	-27.9%	-	10.7	10.3	9.4	-0.2%	-	
Transport and Defence	15.0	6 262.1	7 619.2	21 374.7	1026.0%	25.1%	4 325.7	1 793.0	14.9	-91.1%	23.8%	
Business Enhancement Services	24.3	26.7	21.0	23.9	-0.6%	0.1%	30.5	33.4	36.4	15.1%	0.1%	
Total	78.8	6 305.3	56 660.4	77 419.0	894.0%	100.0%	36 070.3	1 845.2	68.8	-90.4%	100.0%	
Change to 2020				39 788.6			31 665.2	(28.7)	(0.0)			
Budget estimate												
Economic classification												
Current payments	78.8	56.2	60.4	77.5	-0.5%	0.2%	68.3	68.0	68.8	-3.9%	0.2%	
Compensation of employees	51.9	47.9	48.9	58.0	3.8%	0.1%	53.3	53.3	54.5	-2.1%	0.2%	
Goods and services ¹	26.8	8.3	11.5	19.5	-10.1%	-	15.1	14.7	14.3	-9.8%	0.1%	
<i>of which:</i>												
Administrative fees	-	-	0.0	-	-	-	-	-	-	-	-	
Communication	1.4	0.2	0.2	0.5	-28.7%	-	0.5	0.6	0.6	8.1%	-	
Consultants: Business and advisory services	11.1	4.3	6.2	16.8	14.6%	-	8.9	8.2	8.1	-21.5%	-	
Entertainment	-	-	-	0.0	-	-	0.0	0.0	0.0	-25.9%	-	
Travel and subsistence	6.7	3.6	3.6	2.0	-33.3%	-	5.6	5.8	5.5	40.4%	-	
Venues and facilities	0.3	0.0	0.2	0.0	-51.4%	-	0.1	0.1	0.1	23.3%	-	
Transfers and subsidies¹	0.1	0.1	0.0	0.1	1.7%	-	-	-	-	-100.0%	-	
Households	0.1	0.1	0.0	0.1	1.7%	-	-	-	-	-100.0%	-	
Payments for financial assets	-	6 249.0	56 600.0	77 341.3	-	99.8%	36 002.0	1 777.2	-	-100.0%	99.8%	
Total	78.8	6 305.3	56 660.4	77 419.0	894.0%	100.0%	36 070.3	1 845.2	68.8	-90.4%	100.0%	
Proportion of total programme expenditure to vote expenditure	31.5%	97.4%	99.7%	99.8%	-	-	99.4%	89.1%	23.1%	-	-	

Expenditure analysis

Expenditure is expected to decrease at an average annual rate of 90.4 per cent, from R77.4 billion in 2020/21 to R68.8 million in 2023/24. This is due to substantial allocations made to Eskom and South African Airways (SAA) in 2020/21 for the settlement of Government guaranteed debt and the latter's implementation of its business rescue plan. Payments for financial assets constitute the Department's main cost driver over the period ahead. These payments include an additional R31.7 billion for Eskom in 2021/22 and R6.1 billion (R4.3 billion in 2021/22 and R1.8 billion in 2022/23) for SAA to settle Government-guaranteed debt and interest.

Updated key risks and mitigation from the SP

Risk No	Outcome	Risks: Risk Context	Existing Controls	Planned Mitigation
1	Improved governance and accountability	<p>Failure of governance in SOCs:</p> <p>The risk of failure of governance in SOCs such maladministration and poor board performance in SOCs.</p>	<ul style="list-style-type: none"> Shareholder policy paper submitted to cabinet in 2016. Presidential SOE Council (PSEC) chaired by the President oversees project delivery. Dedicated workstreams to support DPE's PSEC work. Dedicated human resource capacity established to provide secretariat support PSEC work. 	<ul style="list-style-type: none"> Review shareholder management policy (SOE Bill) principles and secure buy-in on the green paper. Request for dedicated project office to the development of the Shareholder Management Bill. Request for additional funding allocation in line with estimated costs of the project. Identify alternative funding solutions. Facilitate the development of a centralised oversight model of SOEs.

Risk No	Outcome	Risks: Risk Context	Existing Controls	Planned Mitigation
2	Improved independent financial sustainability of SOCs.	<p>Unsustainable business model of SOC:</p> <p>The SOC business models are unsustainable, not reviewed and amended on regular basis, become misaligned to environmental change.</p>	<ul style="list-style-type: none"> • Implementation of Logical Planning, Monitoring and Evaluation Framework (SIS, SHC, AGM, Filling of Board Vacancies and Executive Directors (CEO & CFO), Induction of new board members and executive team). • Implementation of REM standards (where 80% SHC targets not met, short term incentives not paid for prescribed officers). • Background checks of candidate board candidates. • Approved Board Performance Framework. • Analysis of SOCs Quarterly Performance Reports. • Regular policy engagements with Policy Departments and National Treasury. 	<ul style="list-style-type: none"> • Develop and implement a comprehensive compliance management plan. • Establish greater alignment between the work of the DPE and the day-to-day work of PSEC meant to drive the turnaround of SOCs. • Review the mandate, facilitate consolidation and rationalisation of SOCs.
3	Improved governance and accountability	<p>Policy incoherence:</p> <p>Policy misalignment between the DPE/SOCs and policy department.</p>	<ul style="list-style-type: none"> • Regular policy engagements with Policy Departments (Funding support, Industrialisation, Transformation and Skills development, Sector specific Policies) • DPE participation in cluster and FOSAD engagements. • Statement of Strategic Intent in place to guide programme priorities for each SOC. 	<ul style="list-style-type: none"> • No additional risk mitigations planned.

Risk No	Outcome	Risks: Risk Context	Existing Controls	Planned Mitigation
4	Improved governance and accountability	Corruption and malfeasance: The risk that SOCs may be fraught with corruption, fraud and maladministration.	<ul style="list-style-type: none"> • SIU Proclamations into SOEs Internal Anti-Corruption and Fraud Prevention Unit in place to oversee maladministration in SOCs • Analysis of SOC forensic Reports and track implementation of consequence management procedures 	<ul style="list-style-type: none"> • No additional risk mitigations planned.

Risk No	Outcome	Risks: Risk Context	Existing Controls	Planned Mitigation
5	Strengthen the governance system of SOCs and promote institutional alignment in the execution of the oversight function.	<p>Operational efficiency and effectiveness:</p> <p>The risk that the department may not be able to efficiently and effectively deliver on its mandate.</p>	<ul style="list-style-type: none"> • Strategic Planning Process. • Approved organisational structure. • Covid-19 Regulations. • Performance tracking tool managed by EXCO and Minister • Enterprise Architecture Masterplan • Extended EXCO meetings. • Branch meetings. • Demand Management Planning. 	<p>Focus on restructuring and reengineering of DPE to enable effective oversight in terms of people, process and systems:</p> <ul style="list-style-type: none"> • Finalise review of the preferred organisational structure • Fill in vacant positions. • Development of BIS capability within the department. • Review, streamline and rationalise existing committees where viable. • Host bi-annual strategic planning session.

Public entities

The table below lists the SOCs that report to the Minister, their mandates and nature of operations:

Name of Entity	Legislative Mandate	Minister's financial relationship with the SOC	Nature of operations
Alexkor	Alexkor Limited Act (Act 116 of 1992)	Shareholder representative	A diamond mining company that operates primarily in Alexander Bay and the greater Namaqualand area.
Denel	None	Shareholder representative	A defence company. Although it was established as a private company in terms of the Companies Act of 2008 (Act 71 of 2008), Government exercises full control over it.
Eskom	Eskom Conversion Act (Act 13 of 2001)	Shareholder representative	Eskom generates, transmits and distributes electricity to industrial, mining, commercial, agricultural and residential customers and redistributors.
SAFCOL	Management of State Forests Act (Act 128 of 1992)	Shareholder representative	SAFCOL is Government's forestry company which conducts timber harvesting, timber processing and related activities, both domestically and regionally.
SA Express	South African Express Act (Act 34 of 2007)	Shareholder representative	SA Express Airways is the regional air carrier with a mandate to provide air transportation services for passengers, cargo and mail on lower density routes within the Republic, the African continent and surrounding islands.
SAA	South African Airways Act 5 of 2007	Shareholder representative	South African Airways is an air carrier with the mandate to provide reliable and extensive air transportation capacity linking the Republic with the main business, trading and tourism markets within the African continent and internationally.

Name of Entity	Legislative Mandate	Minister's financial relationship with the SOC	Nature of operations
Transnet	Legal Succession to the South African Transport Services Act (Act 9 of 1989)	Shareholder representative	Transnet is a freight and logistics company responsible for pipelines, ports and rail transport infrastructure and operations in South Africa.

Infrastructure projects

None

Public-Private Partnerships (PPPs)

The Department does not have any PPPs.



Part D
Technical Indicator
Descriptions (TIDs)

1.1 Part D: Technical Indicator Descriptions (TIDs)

Programme 1: Administration

1.1 Indicator title	Number of development interventions provided
Definition	To ensure that all employees are developed and properly skilled in their respective performance areas. Measure the number of development interventions provided by the Department under skills development and further development that includes bursaries allocated. Accredited and non-accredited training is recognised. The capacity building development programme can also be in the form of seminars/webinars, workshops and conferences.
Source of data	<ul style="list-style-type: none"> • Annual Training Report • Bursary Allocation Letters • Annual Development Plan • 5-year HRD Plan
Method of calculation or assessment	Number of training interventions implemented.
Means of verification	<p>Written confirmation of attendance by providers.</p> <p>Proof of registration.</p> <p>Proof of attendance (any means of proof that proves official attended).</p> <p>Electronic proof.</p>
Assumptions	Trainee will request registration, get approval and provide proof of attendance.
Disaggregation of beneficiaries (where applicable)	<p>Target for women: 101</p> <p>Target for youth: 22</p> <p>Target for persons with disabilities: 3</p>
Spatial transformation (where applicable)	None
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Skilled employees
Indicator responsibility	Chief Director: Human Resources

1.2 Indicator title	Develop Human Resource plan and submit to DPSA
Definition	To measure compliance towards DPSA requirements. To ensure improvement on personnel and organisational development. The plan should be submitted to DPSA within the stipulated time frame of 30 June of each year.
Source of data	Previous year plan and strategy, proof of submission to DPSA.
Method of calculation or assessment	Simple count
Means of verification	Approved HR plan by DG.
Assumptions	Approved before the 30 June.
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Cumulative
Reporting cycle	Yearly
Desired performance	Personnel development
Indicator responsibility	Chief Director: Human Resource

1.3 Indicator title	Report on implementation of Enterprise Architecture Masterplan.
Definition	To measure implementation of department infrastructure platform to support the oversight, function.
Source of data	Approved EA vision and gap analysis, Enterprise Architecture Masterplan
Method of calculation or assessment	Simple count
Means of verification	Proof of implementation as per Masterplan, Report on implementation approved by DG.
Assumptions	Limitation of inputs/information from relevant stakeholders (SOCs/Business units)
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not Applicable
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Functional Enterprise Business Architecture.
Indicator responsibility	Director: Information Management.

1.4 Indicator title	Stakeholder engagements Framework developed
Definition	To measure the development of the framework of stakeholder engagements and guide the Department about engagements of important stakeholders.
Source of data	Proof of engagements and events reports.
Method of calculation or assessment	Simple count.
Means of verification	Framework approved by the DG.
Assumptions	The framework will be approved and events will be hosted according to the framework.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Successful stakeholder engagements held.
Indicator responsibility	Chief Director: Communications.

SUB-PROGRAMME 2: GOVERNANCE, LEGAL ASSURANCE, RISK PROFILLING AND MITIGATION

2.1 Indicator title	Board performance index report produced.
Definition	To strengthen the governance systems of SOCs and promote institutional alignment in the execution of the oversight function through implementation of the Board Performance Evaluation framework. To measure 80% achieved during Board performance assessment as per the framework.
Source of data	AGM table of resolutions/Independent Annual Board Evaluations.
Method of calculation or assessment	Total number of Boards' performance assessed.
Means of verification	Independent Annual Board Evaluation assessment report submitted by each SOC. Record of decisions made at AGMs.
Assumptions	Each SOC's AGM held in line with prescripts. Each SOC's Board functioned in line with prescripts during the review period. Each Board will undertake the independent evaluation.
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Non-cumulative
Reporting cycle	Annual
Desired performance	Each Board undertakes an independent evaluation in line with the framework.
Indicator responsibility	DDG: SOC GAP

2.2 Indicator title	Reduction in the number of cases concerning board members and employees doing business with the SOC.
Definition	The RIMF is meant to foster maintenance of high standards of ethical conduct in SOEs with measures designed to promote accountability in the management of public funds, promote integration between risk and performance management and enhanced risk reporting by SOEs.
Source of data	RIMF Advocacy Workshop Material. SOC Reports on board members and financial disclosures. SOC reports on board members and officials doing business with the SOC. SOC RIMF Implementation Plans.
Method of calculation or assessment	Awareness workshop presentation. DPE analysis conducted into SOC's reports into board members and officials compliant with financial disclosure requirements. DPE analysis conducted into the number of cases concerning board members and employees doing business with the SOC.
Means of verification	Memorandum on analysis of SOC officials compliant with financial disclosure requirements. Memorandum on analysis of the number of cases concerning board members and employees doing business with the SOC. Memorandum on the reduction in the number of cases concerning board members and employees doing business with the SOC.
Assumptions	The Final RIMF is approved by 31 March 2021. Reports on compliance with norms and standards in the RIMF submitted by SOEs. SOC submit reports on time and in line with the SOC's approved RIMF implementation plan. Board members and employees disclose SOC conduct and finalise security clearance
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None

Calculation type	Cumulative per quarter
Reporting cycle	quarterly
Desired performance	Enhanced accountability and ethical conduct.
Indicator responsibility	DDG: SOC GAP

2.3 Indicator title	Shareholder Management Draft Bill developed
Definition	To further develop the bill then later the Shareholder Management Bill be finalised in 2024.
Source of data	Council report/agenda/minutes, list of Presidential State-Owned Enterprises Councils, Draft White Paper and Shareholder Management Bill.
Method of calculation or assessment	Simple counts
Means of verification	Quarterly reports/Memo.
Assumptions	Presidential State-Owned Enterprises Council will be established and Cabinet will approve the Shareholder Management Bill.
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Improved performance and governance of SOCs.
Indicator responsibility	DDG: SOC GAP

2.4 Indicator title	Forensic audit reviews conducted
Definition	Assessment of SOC forensic reports undertaken. Monitor implementation of recommendations on quarterly basis, where allegations are confirmed. Review State Capture Commission process and provided support where is needed.
Source of data	Forensic audit reports, State Capture Commission reports and Law Enforcement reports.
Method of calculation or assessment	Simple Counts.
Means of verification	Quarterly reports on the forensics approved by DG.
Assumptions	Where corruption is reported or detected law enforcement will act.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
Desired performance	Good and Clean Governance.
Indicator responsibility	DDG: Corporate.

SUB-PROGRAMME 2: FINANCIAL ASSESSMENT AND INVESTMENT SUPPORT

3.2 Indicator title	Number of SOCs' corporate plans reviewed
Definition	To ensure that the Department reviews 6 SOCs' corporate plans and ensure alignment with the Shareholder Compact's KPIs.
Source of data	SOCs' Corporate Plans submitted to DPE.
Method of calculation or assessment	Number of Corporate Plans submitted by SOCs reviewed annually.
Means of verification	Memo on the review of Corporate Plans endorsed by the DG.
Assumptions	All SOCs will submit their Corporate Plans.
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	SOCs' Corporate Plans aligned to Government's plans to achieve Government's objectives.
Indicator responsibility	DDG: Financial Assessment and Investment Support

3.3 Indicator title	Number of consolidated progress reports on audit findings
Definition	Tracking the implementation of the external auditor's audit finding action plan of SOCs.
Source of data	External auditor's management report and the SOC action plan.
Method of calculation or assessment	Progress report produced.
Means of verification	Assessment report on the SOCs' implementation of audit findings signed off by DG.
Assumptions	Non-submission of reports by SOCs for various reasons and some circumstances that are beyond control.
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Cumulative
Reporting cycle	Bi-annual
Desired performance	Audit findings being addressed.
Indicator responsibility	DDG: Financial Assessment and Investment Support

3.4 Indicator title	Standardised methodology and frequency of payment of dividend.
Definition	Develop a SOC dividend policy framework to be used by SOCs in developing their respective dividend policies. The framework will include payment methods.
Source of data	Research paper(s) on dividend policy.
Method of calculation or assessment	Dividend Policy Framework document.
Means of verification	SOC Dividend Policy Framework approved by DG/Minister.
Assumptions	SOCs to develop policies of declaring dividends guided by the framework.
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Cumulative
Reporting cycle	Annual
Desired performance	Promotion of SOCs to be financially sustainable.
Indicator responsibility	DDG: Financial Assessment and Investment Support

SUB-PROGRAMME 3: BUSINESS ENHANCEMENT SERVICES

4.1 Indicator title	Assessment report on increase spend of SOCs' local content
Definition	In order to position SOCs to support the re-industrialisation of the SA economy, SOCs will be encouraged to procure locally manufactured goods and services as per Preferential Procurement Policy Framework Act regulation 8 (4) and 9.
Source of data	SOCs' Quarterly Reports/Annual Reports.
Method of calculation or assessment	Number of assessment reports on % increase spend on locally manufactured or produced goods and services (total procurement spend).
Means of verification	Assessment report on SOCs' 75% increase spend on local content signed off by DG.
Assumptions	SOCs to provide summary of procurement spend with trend analysis aligned to local content and developmental goals.
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Percentage of procurement spend on locally manufactured goods and services.
Reporting cycle	Annual
Desired performance	To improve year-on-year percentage spend on procurement of locally manufactured goods and services.
Indicator responsibility	DDG: Business Enhancement and Industrialisation

4.2 Indicator title	Assessment report on % increase spend on SOCs' Preferential Procurement and BBBEE level 6 compliance.
Definition	To ensure we increase the contribution of the SOCs to the support of the transformation of the South African economy a % procurement spend on locally manufactured goods and services will be used to measure performance. This will be aligned with measure in the Mining Charter.
Source of data	Individual SOC procurement data
Method of calculation or assessment	Designated percentage targets.
Means of verification	Assessment report on SOC 75% spend on Preferential Procurement signed off by DDG.
Assumptions	SOC to provide summary of procurement spend with trend analysis aligned to transformation, local content and developmental goals
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> - % Produced by woman (services 15%, goods 5%) - % Produced by youth (services 5%, goods 5%) - % BBBEE Compliant (services 100%, goods 44%)
Spatial transformation (where applicable)	None
Calculation type	Percentage of procurement spend target per category
Reporting cycle	Quarterly
Desired performance	Goods: - % SA manufactured – 70% - % SA manufactured by HD owned company – 21% - % Produced by woman or youth – 5% - % B-BBEE Compliant – 44% Services: - % SA manufactured –80% - % SA manufactured by HD owned company – 50% - % Produced by woman – 15% - % Produced by youth – 5% - % B-BBEE Compliant – 100%
Indicator responsibility	DDG: BEI

4.3 Indicator title	Assessment report on % increase in CSI programme allocation.
Definition	To measure financial and non-cash contributions to disadvantaged communities and designated groups for the purpose of social investment and upliftment.
Source of data	SOCs reports submitted for DPE Report. (the 0.2% spend will reflect on annual reports of SOC).
Method of calculation or assessment	% increase in CSI programme allocation.
Means of verification	Assessment reports on 0.2% spend for SOC CSI programmes signed by DG.
Assumptions	Availability of allocated funding for CSI.
Disaggregation of beneficiaries (where applicable)	Designated groups
Spatial transformation (where applicable)	Provincial spread
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	All SOC under DPE allocate 1% of NPAT for CSI and 75% of the value directly benefits black people (BBBEE).
Indicator responsibility	DDG: Business Enhancement and Industrialisation

4.4 Indicator title	Annual value of enterprise development contributions		
Definition	Assess the level at which transformation and empowerment is implemented.		
Source of data	SOC BBBEE verification information/certificates.		
Method of calculation or assessment	Level 1	≥100 points on the generic scorecard	135%
	Level 2	≥95 but <100 points on the generic scorecard	125%
	Level 3	≥90 but <95 points on the generic scorecard	110%
	Level 4	≥80 but <90 points on the generic scorecard	100%
	Level 5	≥75 but <80 points on the generic scorecard	80%
	Level 6	≥but <75 points on the generic scorecard	60%
	Level 7	≥55 but <70 points on the generic scorecard	50%
	Level 8	≥40 but <55 points on the generic scorecard	10%
	Non contributor	< 40 points on the generic scorecard	0%
Means of verification	Assessment reports on SOCs' 2% TMPs spend signed by DG/Minister.		
Assumptions	SOCs understand the fundamental principles of measuring BBBEE compliance with substance taking precedence over the legal form. SOCs should not merely comply with the legal form for BBBEE, but should also ensure meaningful impact.		
Disaggregation of beneficiaries (where applicable)	Management control		
	Skills development		
	Enterprise and supplier development		
	Socio-economic development		
Spatial transformation (where applicable)	None		
Calculation type	BBBEE scorecard		
Reporting cycle	Quarterly		
Desired performance	All SOCs are BBBEE compliant and achieve BBBEE level 4 status.		
Indicator responsibility	DDG: Business Enhancement Services		

4.5 Indicator title	Assessment reports on SOCs' 3% spent of leviable amount
Definition	To accelerate the SOCs' contribution to the development of scarce and critical skills in occupation, which are in demand to support, the needs of the economy by measuring % spend of mandatory leviable amount. Measure spent in the supply of scarce and critical skills in occupations in demand. Track numbers trained per skills category and the equity profiles of beneficiaries.
Source of data	Quarterly SOC reports with data on skills development.
Method of calculation or assessment	Number of assessment reports produced on SOCs' skills contribution Reflecting calculation of average % spent on training and skills development.
Means of verification	DG approved Assessment Reports on the measure on 3% measure of leviable amount.
Assumptions	Continued funding availability to support training and skills development initiatives.
Disaggregation of beneficiaries (where applicable)	Skills development beneficiaries profiled according to equity and demographics.
Spatial transformation (where applicable)	Skills development beneficiaries profiled according to their geographical locations.
Calculation type	None
Reporting cycle	Quarterly
Desired performance	Increased supply of scarce and critical skills in occupations in demand.
Indicator responsibility	DDG: Business Enhancement and Industrialisation

4.6 Indicator title	DPE Environmental Implementation Plan published in the Government Gazette.
Definition	To give effect to the principle of cooperative governance in Chapter 3 of the National Environmental Management Act and to secure the protection of the environment across the country as a whole.
Source of data	NEMA Chapter 3
Method of calculation or assessment	Simple count
Means of verification	Environmental Implementation Plan Publication.
Assumptions	Sufficient support and cooperation from SOCs.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Improved inter-governmental stakeholder relations.
Indicator responsibility	DDG: Business Enhancement Services

4.7 Indicator title	Consolidated report on SOC Climate Change Response Initiatives compiled.
Definition	To ensure SOCs develop and implement initiatives that respond to climate change. The Climate Change Response Report will be compiled to report on risk and ensure that relevant strategies are in place.
Source of data	SOC Climate Change Response Plans, National Climate Change Response White Paper, Climate Change Bill.
Method of calculation or assessment	Simple count
Means of verification	Climate Change Response Report approved by DG.
Assumptions	All SOCs have developed Climate Change Response Plans.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Emissions reduced and Increased SOC operational resilience against the impacts of climate change.
Indicator responsibility	DDG: Business Enhancement Services

SUB-PROGRAMME: ENERGY AND RESOURCES

5.1 Indicator title	Number of Shareholder Compacts signed (Eskom, Alexkor and SAFCOL)
Definition	An annual agreement document as per TR 29.2 between the Shareholder Minister and the SOC on the agreed key performance measures and targets to be attained by the SOC.
Source of data	Consultation with SOCs.
Method of calculation or assessment	Simple count
Means of verification	Approved Shareholder Compacts by the DG/Minister.
Assumptions	Timely agreement of KPA and KPI with all stakeholders and negotiations process are not delayed. SHC will be approved before the end of the financial year.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Annual
Desired performance	Attainment of key performance measures by the SOCs.
Indicator responsibility	DDG: Energy and Resources

5.2 Indicator title	SAFCOL's increased revenue
Definition	To assess SAFCOL's implementation of the upgrading of the Timbadola Sawmill intending to increase SOC revenue.
Source of data	Quarterly Reports
Method of calculation or assessment	Simple count
Means of verification	Progress report on SAFCOL's implementation of Timbadola project signed off by DG.
Assumptions	Adequate and reliable information on the upgrade of Timbadola.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Re-investment of Timbadola Sawmill.
Indicator responsibility	DDG: Energy and Resources

5.3 Indicator title	Restructured Alexkor
Definition	To measure the implementation of preferred operating structure of Alexkor.
Source of data	Quarterly Report
Method of calculation or assessment	4 progress reports produced.
Means of verification	Briefing Memo signed off by DG.
Assumptions	Proposed option endorsed by key stakeholders.
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Improved utilisation of State Mining Assets.
Indicator responsibility	DDG: Energy and Resources

5.4 Indicator title	Eskom Planned Capacity Adherence (Infrastructure/Build Programme)
Definition	Monitor and assess progress on the delivery of Eskom's infrastructure programme.
Source of data	SOC quarterly reports.
Method of calculation or assessment	None
Means of verification	Quarterly assessment reports signed by DG.
Assumptions	Timely submission of Eskom quarterly shareholder reports.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Delivery of Eskom Build Programme
Indicator responsibility	DDG: Energy and Resources

5.5 Indicator title	Implementation of the Eskom Special Paper
Definition	To separate and unbundle Eskom to eliminate cross-subsidisation and improve efficiency an unbundling report will be commissioned to explore all options.
Source of data	Eskom Special Paper and Quarterly
Method of calculation or assessment	Separate audited statements of the subsidiaries
Means of verification	Progress report on Eskom's status of the unbundling process signed off by the DG.
Assumptions	Eskom will be unbundled into three separate subsidiaries with separate Boards and CEOs.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Bi-annual
Desired performance	Efficient Eskom with increase generation competition
Indicator responsibility	DDG: Energy and Resources

5.6 Indicator title	Explore embedded generation (SSEG) options to augment generation capacity Eskom capacity by 1000 MW by 2024.
Definition	To measure the increase of electricity generation capacity in the country.
Source of data	Quarterly reports, NERSA, DMRE
Method of calculation or assessment	Simple counts
Means of verification	Progress report approved by DG
Assumptions	NERSA will finalise reports on time.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Bi-annually
Desired performance	Secured supply of energy
Indicator responsibility	DDG: Energy and Resources

5.7 Indicator title	Implement Eskom Road Map for reformed electricity supply industry
Definition	To measure the implementation of Eskom Road Map to ensure the separation and unbundling of Eskom into 3 separate entities to eliminate cross-subsidisation and improve efficiency; to enable the expansion of generating capacity; and to promote transparency by 2024.
Source of data	Eskom reports
Method of calculation or assessment	Simple counts
Means of verification	Progress report approved by DG
Assumptions	Eskom will submit progress report timeously and unbundling will take place.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Bi-annually
Desired performance	Separate Transmission Company established by 2024
Indicator responsibility	DDG: Energy and Resources

SUB-PROGRAMME: TRANSPORT AND DEFENCE

6.1 Indicator title	Number of Shareholder Compacts signed (Transnet, Denel and SAA)
Definition	An annual agreement document as per TR 29.2 between the Shareholder Minister and the SOC on the agreed key performance measures and targets to be attained by the SOCs.
Source of data	Consultation with SOCs.
Method of calculation or assessment	Simple count
Means of verification	Approved 2021/22 Shareholder Compacts (Transnet, Denel and SAA) approved by DG/Minister.
Assumptions	Timely agreement of KPA and KPI with all stakeholders and negotiations process are not delayed. SHC will be approved before the end of the financial year.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Attainment of key performance measures by the SOCs.
Indicator responsibility	DDG: Transport and Defence

6.2 Indicator title	Progress report on performance of Denel against client-agreed milestones on significant contracts (AV8 Malaysia, Hoefyster, A-Darter production, Aviation MRO on Rooivalk and Oryx helicopters)
Definition	Operational excellence to improve liquidity and cash flow in the SOC to reduce Government financial support.
Source of data	SOC, clients, suppliers and industry experts
Method of calculation or assessment	One report per quarter
Means of verification	Report with evidence of consultation with SOC and other stakeholders
Assumptions	Participating and accessing outcomes of programme meetings and related cash flows
Disaggregation of beneficiaries (where applicable)	None
Spatial transformation (where applicable)	None
Calculation type	Manual
Reporting cycle	Quarterly
Desired performance	Operational excellence that delivers financial sustainability
Indicator responsibility	DDG: Transport and Defence

6.3 Indicator title	Number of progress reports on rolling stock expansion and upgrade
Definition	To measure the increase of capacity and reliability of the transport network system, to increase public and private sector investment and participation in the transport system that supports the countries competitive and foreign direct investment.
Source of data	Stakeholder engagement, Transnet reports.
Method of calculation or assessment	None
Means of verification	Quarterly reports approved by DG.
Assumptions	SOC will secure funding and the project will be implement.
Disaggregation of beneficiaries (where applicable)	Not applicable
Spatial transformation (where applicable)	Not applicable
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Increased capacity and reliability of the transport system
Indicator responsibility	DDG: Transport and Defence

6.4 Indicator title	Progress report on the Corporatisation on Transnet National Ports Authority (TNPA)
Definition	To measure the corporatisation of Transnet National Ports to reduce costs for priority sectors by increasing the efficiency of ports
Source of data	Previous studies on the corporatisation of TNPA.
Method of calculation or assessment	None
Means of verification	Final report on the corporatisation of TNPA approved by DG.
Assumptions	Required inputs on the corporatisation will be received from relevant stakeholders.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Corporatisation of TNPA
Indicator responsibility	DDG: Transport and Defence

6.5 Indicator title	Assessment reports on port equipment reliability
Definition	To measure reliability of ports terminal equipment in improving the ship turnaround time and to ensure that equipment and cranes are maintained and reliable.
Source of data	SOC quarterly reports, monthly bilateral engagement and quarterly engagements with operational division (OD).
Method of calculation or assessment	None
Means of verification	Reports on the port equipment reliability approved DG.
Assumptions	Quarterly reports submitted on time, quarterly OD engagements and monthly engagements of SOC performance.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Improved efficiencies on the port terminals
Indicator responsibility	DDG: Transport and Defence

6.6 Indicator title	Improvement on performance of key primary corridors of Transnet assessed.
Definition	To assess the improvement in the performance of Transnet.
Source of data	SOC quarterly reports.
Method of calculation or assessment	None
Means of verification	Assess reports on the key primary corridors approved by DG.
Assumptions	Quarterly reports submitted on time, quarterly OD engagements and monthly engagements of SOC performance
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Improved efficiencies on the port terminals
Indicator responsibility	DDG: Transport and Defence

RESEARCH AND ECONOMIC MODELLING

7.1 Indicator title	Just Energy Transition Framework developed.
Definition	To ensure that there's a "Just" energy transitions to a low carbon economy in collaboration with other relevant stakeholders for example Eskom, DEFF, DMR, NPC
Source of data	Minutes, meetings, secondary documents.
Method of calculation or assessment	Simple Count
Means of verification	approved reports by DG.
Assumptions	All stakeholders will agree and subscribe to low carbon economy.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	To have fair, equitable, inclusive energy transition to a low carbon economy
Indicator responsibility	DDG: BES

7.2 Indicator title	Review of Global, Regional and local economic report
Definition	To inform DPE executives and SOC strategic discussions and decisions
Source of data	Secondary data from Stats SA, IMF etc.
Method of calculation or assessment	Simple Count.
Means of verification	Quarterly reports approved by DG.
Assumptions	Uptime available data.
Disaggregation of beneficiaries (where applicable)	None.
Spatial transformation (where applicable)	None.
Calculation type	Cumulative
Reporting cycle	Quarterly
Desired performance	Evidence based policy formulation
Indicator responsibility	DDG: BES

7.3 Indicator title	Number of industry-specific research conducted.
Definition	Conduct research studies that are sector-specific and are used to inform planning and decision-making.
Source of data	Research report
Method of calculation or assessment	Simple count
Means of verification	Industry-specific research report approved by DG
Assumptions	SOC and the department will implement the recommendations from the studies and use them in decision making.
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Calculation type	Cumulative
Reporting cycle	Annually
Desired performance	Research reports used for planning.
Indicator responsibility	DDG: BES

Annexures to the Annual Performance Plan

Annexure A: Amendments to the Strategic Plan

None

Annexure B: Conditional grants

None

Annexure C: Consolidated indicators

None

Annexure D: District Development Model

None

Annexure E: Changes to outputs

None

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